

## NEWS SUMMARY

**GENERAL**  
**retro**  
**-wide last**  
**ut**  
**elfast**  
**i peril**

explosion in which a three-Provisional IRA bombing died on Saturday night's on a Belfast gasworks have led to the destruction of a huge area of the city the fire spread along a net of underground mains, the said yesterday. A senior British officer condemned the "gross irresponsibility" of the terrorists "one of three or four bombs, killing 10 to 15 people, and 30 injured, as it was planted at a gasometer. A Provisional IRA claimed the bombs were intended for my post. The Irish Republic has been reported to have been in connection with the bombing. The IRA has been reported to have been in connection with the bombing. The IRA has been reported to have been in connection with the bombing.

**icans reject**  
**uncil with**  
**ministers**

A clear reference to suggest is by Mr. Ian Smith, Prime Minister of Rhodesia, that his Government should provide Defence Home Affairs Ministers in Council of State during transition to majority rule, the president of Zambia, Mozambique, Tanzania, together with the British, rejected the proposal of such a council at 5 p.m. on Saturday.

**banon peace**  
**ammit opens**

Arabian, Kuwaiti, Syrian, Lebanese, and Jordanian Liberation Organisation leaders opened talks in Jeddah, Saudi Arabia, yesterday, at the end of the civil war in Lebanon and achieving a settlement. From Beirut it was reported that the Syrian fighters have made a low level run in the city and were engaged in a battle with the Lebanese and Palestinian forces. Back Page 10

**bulson probe**

Michael Foot, Leader of the Opposition, is expected to be asked to decide whether Parliamentary should be taken to deal with the relationships between the MPs and the jailed architect, Mr. John Foulson. Back Page 10

**Education offer**

Norman, St. John's, Shadow Education Minister, has offered a non-political programme. Mr. Norman is due to speak in the House of Commons today on the Education Bill. Back Page 10

**plash down**

Soviet communists were killed after splashing down in the Black Sea after failing to link with their Soyuz-23 spacecraft on an orbiting Soyuz-23. No returning Soviet crew has hitherto landed water. Back Page 10

**oscow visit**

British officers from the my Staff College flew to Moscow for the first such official visit to the Soviet Union since the Second World War. The visit follows a surprise invitation from the Soviet Defence Ministry. Back Page 10

**riefly...**

umb blast in a crowded Buenos Aires Army officers club cinema killed at least 28 people. Back Page 10

**Quest for Arab unity**  
 Righting the "Spy in the Cab"  
 Industrial Catering

**BUSINESS**  
**Japanese**  
**to hear**  
**U.K. trade**  
**plea**

GOVERNMENT AND INDUSTRY are hoping that talks with Japanese industrialists in London this week will be a step towards resolving difficulties in trade relations.

The 21-man Japanese delegation will meet CBI leaders to-day and will have talks tomorrow with Mr. James Callaghan, Mr. Denis Healey, the Chancellor, and Mr. Edmund Dell, Trade Secretary. Mr. Dell is expected to argue that, if Japanese sales to the U.K. are to continue at their present level, Japan must take more British goods. Back Page 10

**BRITISH AIRCRAFT** Corporation hopes to sell a modified version of the BAC One-Eleven to three Japanese domestic airlines in co-operation with Japanese aircraft manufacturers. Page 4

**ITALIAN** political and financial authorities fear that the lira may come under renewed pressure this week after the lifting of the 10 per cent surcharge on foreign currency purchases. Page 5

**CBI** will unveil this week its "Road to Recovery" policy document, which is believed to urge public spending cuts, a change in tax structure, and a diversion of resources to industry. Page 6

**Row threatens**  
**Concorde plans**

DISPUTE over senior pilots' demands for company pay has halted all training of Concorde crews and could jeopardise British Airways' plans to begin supersonic flights to New York and Melbourne next year. Page 29

**EC PROPOSALS** for financing and controlling Western Europe's aerospace industry have been rejected by a House of Lords select committee. Page 6

**CHRYSLER** will recruit about 1,700 men for its Lincolnshire plant in Scotland by January 10, as the plant prepares for the launching of a new model in the spring. Page 29

**PAY DIFFERENTIALS** in the engineering industry have been agreed so badly that sorely needed craftsmen are taking on unskilled work or going abroad, according to Mr. Gerry Eastwood, Secretary of the Patternmakers and Allied Craftsmen's Association. Page 29

**ENERGY SECRETARY**, Mr. Anthony Wedgwood Benn, has made it clear that he will postpone a decision on the fast breeder nuclear reactor programme, until after public debate. Page 6

**FELIXSTOWE** port was pressed by the British Transport Docks Board to raise charges and profits in a bid to justify the cost of the State takeover, according to Mr. Michael Redmond, Tory industry spokesman. Page 29

**Talisman may go ahead**

STOCK EXCHANGE has estimated nearly half of the estimated £15.7m. cost of the Talisman scheme for computerised share deal settlements. This makes the prospect of backtracking on the project more unrealistic than some critics believe. It is also apparent that senior Exchange personalities are determined to push ahead. Back Page 29

**ACCOUNTANCY** profession must re-establish public credibility by adopting a united approach to the proposed new system of current cost accounting, warned a member of the Sandilands Committee. Page 6

**COMPLAINT** against Mr. Charles R. Plummer has been lodged with the disciplinary committee of the Institute of Chartered Accountants of Scotland by the Institute president. Back Page 6

## Money supply rises at annual rate of 27%

BY MICHAEL BLANDEN

THE MONEY supply was growing at a rate of about 27 per cent a year during the three-month period to mid-September, using the wider measure (M3) on which attention is normally concentrated.

This was more than double the 12 per cent expansion rate expected during the current financial year as a whole.

The further sharp increase in September explains the emergency measures taken by the Government to bring the money stock under control and to reassure the U.K.'s foreign creditors and the exchange market.

The jump in the Bank of England's Minimum Lending Rate from 13 to 15 per cent, and the further call of some £700m. of special deposits announced the week before last were a direct response to the preliminary indications that money expansion was out of hand in this period.

Today's figures show that the excessive growth was even higher than previously indicated. Measures already taken and the renewal of substantial gilt-edged sales will have helped to cut the growth of the monetary aggregates in the current bank month.

But the latest figures underline just how little room for manoeuvre the authorities have over the rest of the year.

In the first six months of the financial year, from April to September, the money stock on the wider definition has already risen by over 8½ per cent.

It is recognised that the U.K. will have to stick closely to the 12 per cent guideline laid down by Mr. Denis Healey, Chancellor of the Exchequer, in July in order to satisfy the International Monetary Fund's conditions for granting the U.K. application for a \$3.9bn. standby credit.

This will mean holding the growth to a very low level for the rest of the year.

With stricter controls over money supply and the related domestic credit expansion expected to be required next year, the figures suggest that there may not be much opportunity to relax the squeeze on the banks in the near future.

The Government will need to maintain large sales of gilt-edged stocks unless new moves are undertaken to reduce the public sector borrowing requirement.

The size of the public sector deficit, and the inability of the authorities to finance it by selling gilt-edged stocks to the non-bank private sector, was the main reason for the rapid growth in money supply in the three months to September.

In the month to mid-September alone, the money stock on the wider definition (M3) rose by \$886m.

This was equivalent to just over £1bn. after seasonal adjustments, or 2.4 per cent, and brought the increase over the latest three-month period to over 6 per cent.

A similar large increase was seen in the narrow definition of the money stock (M1), which covers only notes and coin in circulation and U.K. private sector sterling sight deposits.

This measure rose by £345m. during the month, including a large increase of £277m. in interest-bearing sight deposits.

After seasonal adjustment, the increase was equivalent to about £115m., or 2.3 per cent, bringing the rise in the latest three months to 7½ per cent.

The M3 measure of money stock takes in M1, and includes domestic time deposits with the banks, public sector deposits and domestic deposits in other currencies than sterling.

The major contributing factor during the September period was the deficit of the public sector, which with little demand from the market for gilt-edged securities, had to be financed through the banks.

This has the effect of increasing the banks' assets and liquidity and boosting the corresponding totals of deposits which go to make up the money supply.

The Government received some funds as a result of support operations for the pound, which have the effect of bringing sterling in through the Exchange Equalisation Account and help to restrain the growth of M3.

But a sizable central Government borrowing requirement led to another rise in the amount of Treasury bills outstanding.

Most of this was taken up by the banking system and contributed to an increase in its reserve assets, which in turn provided the basis for further growth of deposits.

In total, sterling lending by the banks to the public sector rose by £529m. (or about £450m. after seasonal adjustment) including a large amount to local authorities.

At the same time, the banking system saw a renewed increase in sterling lending to the U.K. private sector of £197m., or about £160m. after seasonal adjustment.

The M3 measure also included for the third month running a large rise in U.K. residents' deposits in foreign currency, of £280m., of which about £90m. reflects their increased value in sterling as a result of the depreciation of the pound.

A substantial improvement in the figures should be seen when the figures for the current month—for which the make-up day is next Wednesday—are published.

Since the mid-September make-up, the banks have paid over the first £25bn. of special deposits representing the 1 per cent call announced in September. There has also been a strong revival of gilt-edged sales.

The figures look rather less alarming if taken over the past year as a whole. In the 12 months to mid-September, M3 rose by just over 12½ per cent (or by some 11½ per cent if valuation changes in foreign currency deposits resulting from the fall in sterling are ignored) while M1 went up about 15½ per cent.

## Long-term credits proposal for U.K. still tentative

BY SAMUEL BRITTON

MR. JAMES CALLAGHAN has indicated his interest in long-term international credits for the U.K., which would reduce the need for sterling crises, until the balance of payments benefits from North Sea oil materialise fully in the middle 1980s.

But although Herr Helmut Schmidt, the German Chancellor, appears to have indicated personal sympathy with his approach, the idea is still at a vague and tentative stage.

There is little chance of action until after the U.K.'s application for a \$3.9bn. IMF standby has been cleared in December.

Moreover, any longer term operation would be subject to conditions, probably very similar to those in the Letter of Intent which Mr. Healey will have to write to the IMF.

The German Chancellor clearly prefers an international operation to a purely German initiative. No staff work has been done on his ideas by officials either in London or Bonn. The subject talks the Sunday before last at Chequers.

Healey will be attending the monthly meeting of the Bank for International Settlements in Basel and will have an informal opportunity to discuss the British terms.

Reserves

If an agreement in principle can be reached by the middle of November, it will still have to be worked out in detail, agreed by the British Cabinet and ratified by the fund's executive board.

After that, the General Arrangements to Borrow (GAB), under which the ten leading industrial countries supply the IMF with supplementary hard currency, will have to be brought into operation.

Thus, the whole process may drag well into December; and Mr. Healey has said that if the IMF credits are not ready by December 9, he will be prepared to dip into the reserves to repay the Central Bank credits on which he has already drawn.

It is, in any case, clear that the week-end of November 7-8, when the leading Central Bank governors will be attending the monthly meeting of the Bank for International Settlements in Basel and will have an informal opportunity to discuss the British terms.

This preliminary paper proposes a series of Bills largely based on recent party conference decisions. They include a wealth tax, nationalisation of the ports, additional funds for the National Enterprise Board, compulsory industrial planning agreements and the introduction of worker participation.

The paper also suggests relaxation of some immigration rules, ending of charity status for independent schools and establishment of a housing finance agency.

Some senior Ministers at the meeting—notably Mr. Anthony Wedgwood Benn—could find their dual membership of the Cabinet and the committee an embarrassment.

But the committee's paper has refrained tactfully from putting forward economic policy proposals.

## Callaghan: another left challenge

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN faces another disruptive challenge from the Labour Party's Left-dominated National Executive Committee to-morrow over the Government's legislative programme for the new session.

The Prime Minister and the committee at Downing Street to consider a list of financial, industrial and social measures which the committee is pressing on the Government.

Although the committee's proposals will not be decided until its meeting to-night, there seems to be little chance of Mr. Callaghan's agreeing to any of them.

The demands on next session's timetable of the devolution and European direct elections legislation as well as the economic constraints have effectively tied the Government's hands.

Mr. Callaghan and the Cabinet's moderate majority—who decide the contents of the Queen's Speech—are unlikely to yield any of the few remaining places in the programme to controversial Left-wing measures.

Centre-right MPs, whose views will be heard at a meeting of the Parliamentary party on Wednesday, intend to voice objections to any concessions to the Left.

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"We cannot afford a year of standstill and political retrenchment," it says.

## U.S. court clears Babcock bid

BY JAY PALMER

HERBERT MORRIS has failed in its initial attempt to use the U.S. anti-trust laws to block the Babcock and Wilcox take-over bid. Late yesterday, Federal Judge Frank Kaufman denied the merits of Morris's objections and removed all U.S. legal obstacles to the bid.

After two days of hearings in Baltimore District Court he formally released Babcock from the temporary order halting the bid. He refused crane maker Herbert Morris's pleas for a preliminary injunction.

Although this particular court has decided not to try to ban the take-over, a precedent of sorts has been set. This is believed to be the first time a U.S. court has been called on to rule on the take-over plans of two foreign companies.

Morris alleged that its acquisition by Babcock would reduce U.S. competition and result in an unreasonable restraint of trade.

Morris said it was on the verge of launching an export drive to the U.S. and noted that its products were competitive with many of those produced by Babcock's U.S. subsidiary, ACCO, which was formerly called American Chain and Cable.

The company attempted to prove that the main initiative for Babcock's offer came from ACCO as part of this subsidiary's desire to reduce potential competition.

Babcock testified that it would allow Morris to operate independently and competitively with other parts of the group.

Margaret Reid writes: Babcock said in London that as the U.S. Federal District Court had lifted

all restraints against it the formal court action would be issued as soon as possible.

The document will be dispatched by Lazard Brothers, who are now acting for Babcock. This was not previously disclosed.

In the earlier stages Babcock was advised by Barclays Merchant Bank. An injunction was issued against Mr. Charles Bak, chairman of Barclays Merchant Bank, who was formerly vice-chairman, Kleinwort Benson, which has acted as adviser to Morris.

Mr. Patrick McTigue, managing director of Morris, said: "We shall now fight the bid on commercial grounds, awaiting the offer document before we put our defence. There is also the question whether the bid plan may be referred to the Monopolies Commission."

## U.K. industry fears growth is slowing

BY OUR INDUSTRIAL STAFF

BRITISH INDUSTRY is becoming increasingly concerned that the growth in manufacturing activity this winter may not prove as strong as previously expected.

The evidence at this stage remains patchy. A number of industries such as cars and industrial trucks report buoyant order books and continued expectations of growth. Exports also remain a bright feature.

But such major sectors as steel, paper and board and machine tools report lower-than-expected order books and distinct nervousness about export prospects next year.

The problem industries such as heavy electrical plant and shipbuilding remain depressed, while waiting on Government action to ease their difficulties.

There was also a feeling that, while investment decisions already authorised would go ahead, there would be delays in further new investment until the climate seemed more favourable.

For mechanical engineering the picture is of an industry still on course. Most of the companies contacted were either maintaining the level of new orders or showing slight improvements on the position three months ago.

Output generally seems to be improving at a slower rate than the intake of new orders, perhaps because companies have built for stock during the last few months of the recession.

The tendency is still for employment levels to show some decline as the companies allow natural wastage to take effect especially in non-productive staff.

The situation varies from sector to sector, with the industrial truck business doing well, particularly on the export front, while the machine tool industry remains depressed. Some companies admit to being as much as 25 per cent below expectation with their orders. Exports are holding up, however.

Steel. British Steel's export target of well over £500m. worth of steel during 1976-77 is in jeopardy. There has been a decline in the total of export orders on hand, and in the flow of new export orders, during the last month in spite of the fall in the value of the pound. "The boom has petered out," said an official.

Private sector steelmakers also fear new difficulties in export markets because of the deepening recession in world steel.

Edgar Allen Balfour Steels, which has a £2.5m. order book, has experienced a sharp decline in new orders in the last month after three good months. Mr. Graham Wise, chairman, said: "I don't believe we are going to have substantially more business until the middle of next year."

Cars: Ford's order book at the end of September was 25 per cent up on the figure for June, and fresh orders appear to be flowing in strongly.

Vauxhall also claims that the market is as buoyant now as it was in the summer, and that its exports are the best for the last five years.

This generally optimistic picture is reinforced by the employment statistics. Ford is taking on an extra 3,000 workers shortly to cope with the expansion of production at Dagenham associated with the launch next year of its new Fiesta model.

CBI charts way to recovery

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**Dewar's**  
 FINE SCOTCH WHISKY  
 "White Label"

Smooth all round.

Dewar Cup Tennis  
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 Royal Albert Hall







# Antony and Cleopatra

by B. A. YOUNG

staging is simple; there are no elaborate banquet scenes at Cleopatra's home in the battlefields of the Nile. The emphasis is on the action, and as the play is more the play this amplifies the pathos of the story. The decline of the narrative is Antony's life; for such a leader to have turned tail from the action takes place at four points. On the first, Antony's set in a broad timber staircase, a narrow flight of steps, a narrow stage at the top; the scene is a palace, or a house, or a ship, or a tall tower. Egyptian, wear gold and (though in truth they wear much of any kind) Roman wear steel. Usually, what we have is a much more than a simple situation; nor is more required. Antony and Cleopatra stand on the company not only to play needs them to, to assume the acting in those parts. The Seyrig plays a Cleopatra certain of her own acting in the smaller parts, since that frivolity must be by all whenever she and she moves with grace and speaks the Dunlop's characteristic purpose, a beautiful, a beautiful, a beautiful. Doubtless some audiences as the provider of some of the lines well into place in time.



Delphine Seyrig and Michael Graham Cox

# Rigoletto

by MAX LOPPERT

Rigoletto revival by the National Opera was a reminder of the perception of simple, directly effective experience. The repertoire of the National Opera is in danger of being lost in the current trend to "concept" production. The National Opera's Rigoletto is only service when, as in the opening scene, the principal is not around the principal. The National Opera's Rigoletto is only service when, as in the opening scene, the principal is not around the principal. The National Opera's Rigoletto is only service when, as in the opening scene, the principal is not around the principal.

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times uncomfortably short and choppy when we want long, burnished smoothness. No doubt with wearing in, the purely vocal graces will increase, and later incursions of melodramatic staginess diminish. In the father-daughter duet, it seemed that both players were unprepared to sing the words as they characterisation on a answers) came quite fresh to them. Clear words were also so completely to gesture a Erwin's Duke, at present spoiled for one to form a con- appreciation of just how pure, unaffected and tender of tone that nothing else or common. (An G. As and Bs with an so soft-sounding and easy and the cadence of the Gilda well; and Miss Masterton had one hanging on every formed. How much more able, then, to rest her voice, then, to rest her voice, then, to rest her voice. But as the act ends, the performance—no name—could have been an operatic "turn," and of a dramatic meditation, but after a slightly ill-assorted ek Hammond Stroud has taken a first Rigoletto at a in his career when many forgot his very recent accession.

# How to make the perfect dinner speech.

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# Covent Garden

# Anastasia

by CLEMENT CRISP

There are times when one feels particularly grateful to the Royal Ballet, and more than usually proud of our national company. At a time when the whole troupe is showing its paces, a certain chauvinistic complacency about its excellence may be in the general order of things, but at other times—as on Friday night at the opening of the ballet season—it is the sheer excellence of the troupe and the stature of both dancers and repertory that stirs the heart.

Anastasia was on the programme, and it looked more than ever the superb achievement that it is, and Lynn Seymour as the heroine more than ever the incomparable dancer that she is. At the end of the evening, when the drama is spent but still echoing in the mind, Kenneth MacMillan's extraordinary development of the three-act ballet assumes its true stature as one of the most important and innovative works in the repertoire. It takes a nineteenth-century convention—that of the big opera-house spectacular—and shows it as vivid, timeless poetically expressive.

The Soviet have laboured long and assiduously to make the full-length ballet relevant to a 20th-century political and social aesthetic—from The Red Poppy, that first statement of the ballet's ideals in Russia during the 1920s, to Grigorovich's recent Spartacus and from the Terrible. With Anastasia MacMillan has shown, without seeming effort, how the big ballet can speak of this century's history in this century's terms. And in so doing he has produced a work crammed with beautiful dancing that treats of the most serious matters: about social change; about human suffering; about those very problems of "identity" that have so intrigued our age.

The scale and range of each of the ballet's three acts are remarkable. Act 1 starts gently: the world of the Russian Imperial family is almost untroubled, the high point of the action coming with the Tsarevich's tumble as he runs across the stage. But as the act ends, history's shadows have fallen across the family whom we have magically come to know and understand—from the tomboyish Grand Duchess Anastasia, to the vacillating Tsar.

With the second act the isolation of the aristocracy from the "reality" of the proletariat and the sexual tensions within the Tsar's circle have also been made clear. And all this is shown to us through the innocent gaze of Anastasia herself—a crucial point in understanding MacMillan's structural devices. With Act 3, the world of the two previous acts has been utterly destroyed. Chaikovsky gives way to Martinu, Imperial Petersburg to Berlin, and the tenuous threads that link us to that vanished world are severed. Anderson's own convictions about her identity. It is now that we can see in their proper perspective the incidents of the previous acts—Anastasia only makes full sense after a second viewing, understood from prior experience of Anna Anderson's plight and beliefs. Anna/Anastasia drags us with her through the labyrinth of memory, of duplications of character and incident, and at the last we believe (with her) the truth about herself.

Guided by Miss Seymour's incandescent performance on Friday, every step of Anastasia's spiritual and physical journey was beautiful. On purely technical terms this is an amazing incarnation of a role. The child of Act 1, the young woman of Act 2, are infinitely touching beings; the tormented woman of Act 3 does not ask for our sympathy, she seizes it as her right, and here Miss Seymour scales those heights of grace and greatness that are unapproachable to most dancers. And at every moment Miss Seymour is sustained by the company's playing.

# Festival Hall

# Klaus Tennstedt

by DOMINIC GILL

Klaus Tennstedt, late conductor of the Dresden Opera and the Schwerin State Orchestra, has been the General Music Director of the opera in Kiel since 1971. News of several fine concerts with the Boston Symphony Orchestra during the past two years have filtered back to London; and his debut with the London Symphony Orchestra on Thursday only confirmed the good reports—Tennstedt is clearly an outstanding conductor, with a robust technique, and a warm, energetic presence; a musician who communicates with enthusiasm, as well as with scrupulous honesty and clarity, and one whom we must certainly hope to welcome back soon.

It was an exciting concert. After a Coriolan overture of admirable style and polish, powerfully lyrical, instantly gripping, Claudio Arrau was the soloist in Beethoven's Emperor concerto. The contrast between the two manners of conductor and soloist made for unusual, and unusually fruitful, tension; a performance from Arrau of the greatest purity and simplicity, refined to the point of austerity; a performance shaped without a trace of rubato mannerism. In the first movement alive with slow-mouldering fire, radiant in the second, and in the finale bright and brilliant, flecked with serious sunlight. Beside Arrau's energy and austerity Tennstedt set energy and buoyancy; an accompaniment of the most delicate articulation, but also of the most insistent dramatic pointing, strong, simple dramatic impetus.

For their part, Tennstedt and the LSO gave us Bruckner's fourth symphony: a pastoral of gleaming woodwinds, soft-shaded strings, strident brass, slow unfolding of the longest Brucknerian lines held marvelously firm, delivered with the strongest physical sense of colour and texture, and with the greatest concentration. A long concert, but not a minute slack.

# Ring thoughts

by ANDREW PORTER

The Ring is not a black and silver opera lit by shafts of spotlight. Its landscapes are broad Rhine vistas, its backgrounds vast skies sometimes clear blue, sometimes lowering and lightning, or filled with the glare of supernatural fire. Forest, crag, and broad-spreading firs fill the foreground. Once, in Das Rheingold, we go underwater, and once underground. Hunding's house should be a closed, confining space that then bursts open to reveal the moonlit forest. Mime's cave is an enclosure with wide openings to the wide world beyond, into which Siegfried plunges to escape "like a fish in the flood, like a fish in the flood, like a fish in the flood."

Things go wrong at the very start, and at the start of every scene. As a simple fact it can be stated that, curiously, the Ring is composed into Wagner's score. If the curtain goes up too early or too late his intentions are violated: the music loses some of its meaning. The Ring was composed as a total harmony; Friedrich regularly commits the visual equivalent of a singer's entry several bars too early. Wagner "brought in" his stage pictures as precisely as he brought in new instruments, new harmonies, new motifs, and at times he wanted the orchestra alone to do the "painting." The opening of Das Rheingold, welling from the orchestral pit and then, 128 bars later, taking shape before us on the stage, is one of "music theatre" inspired passages. Friedrich's accompaniment of flashing lights and a rotating platform is a musical abstraction of his not to realise that, after the long B-flat pedal of the dawn music in Götterdämmerung, the E-flat fortissimo blaze represents a radiant entry for Siegfried and Brünnhilde.

The small infidelities can be borne (Siegfried's mention of his armour, when he wears none; the references to Nothing's scabbard, when it has no sheath, only a belt hook). But Friedrich cannot be forgiven for muffing, again and again, the large important actions of the drama: Alberich's rape of the gold, the shattering of Nothing's scabbard, Wotan's spear, the death of

Siegfried and his funeral march, the final scene. The Covent Garden programme prints a synopsis of, not Wagner's plot, but Friedrich's, and for Act 3 Scene 2 of Götterdämmerung we read: "No one has tried to prevent the murder. Everyone goes to the last hope of the old world lies on the ground extinguished." And that is what happens at Covent Garden. Siegfried dies on the tablecloth that has been spread for the picnic, and he is still lying there when the lights come up on the next scene. But in Wagner's opera four vassals "try in vain to hold Hagen back; the funeral procession is carefully described, and with the soft D-flat chord the moon breaks through the clouds, lighting the cortege as it reaches the summit."

The final scene fails to make much effect because there is no sense of cataclysm, of huge destruction, of an old order swept away. Some plastic panels that were lowered from the flies are pulled up again. The tilting platform has long since exhausted its repertory of movements. A plump burgher wanders on to view the dim little fire in the distance (the was told later). And then the platform settles, a plain wooden stage under working light, as if to say: "Don't take it seriously; it was only a play." What Wagner's music is saying here, meant to represent Alberich, is precisely that its content cannot be verbalised; but it is certainly something profound, impressive, moving, not trivial or "alienating." He meant us to be caught up mind, heart, and soul in the drama, not to recall every so often that it is merely a theatrical show. Friedrich provides those reminders: when Loge lofts against Covent Garden's gilt proscenium arch, drawing it into the Marcellus Rheingold, when large distorting lenses, in Götterdämmerung, call attention away from the Haupttische in a gratuitous display of stage trickery. The unmasked harps and drums in the left and right stage boxes, lit as brightly as the actors, serve the same end, and by acoustic dislocation also help to destroy the composer's carefully planned music-scenic perspectives.

The individual performers have been reviewed by my colleagues on this page. Let me add my tribute to Colin Davis's new powers as a Wagner interpreter. Not since Kempe in the first of his Covent Garden Ring cycles have I heard a Götterdämmerung in Covent Garden conducted with so apt a blend of naturalness and passion; with power and eloquence in the orchestral playing but no training of spotlights, as it were, on individual instrumental marvels or the conductor's artificiality; with buoyant, "breathing" support for the singers, alert, not dictatorial. Some of the singing in the performances I heard was distinguished, some acceptable, some poor. But even the best available Ring cast in the world to-day (and on the whole Covent Garden have assembled a better, I'd say, than the Metropolitan or Bayreuth in their latest cycles) could not appear at their best in this production. The Ring's gods lose all their musical and dramatic eloquence when they are turned into a gang of white-robed, white-faced, seedy clowns. If Froh is a fussy, butterfly queen, his two lovely ariettes, "Wie liebliche Luft" and "Zur Burg führt die Brücke," go for nothing. This Donner is a clumsy fudduddudd. Wotan has half his face painted white, the other half black. Fricks flounders about in a long ermine cape. When Fafner and Fasolt jigged through a Tweedledum-Tweedledee comedy routine during the latter's "Sanft schloß Schladdein Aug." I felt that Friedrich had forfeited any claim to be taken seriously as a producer of The Ring.

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The exception that could prove to be your rule.

Quality in an age of change.

# Israel Book Week

An Israel Book Week is being held in London at the National Book League from November 7-14. More than 500 books will be on show. The exhibition is sponsored by the publishing committee of the Economic Council for Israel in conjunction with The Book and Printing Centre of the Israel Export Institute.

Peter Gill for Riverside Studios

Peter Gill has been appointed director of the Riverside Studios, Hammersmith. This is a former television studio which has been taken over by the Borough of Hammersmith as an arts centre. It is administered by an autonomous Board; the Council has the responsibility only for funding. Peter Gill has done outstandingly good work at the Royal Court and elsewhere, notably in connection with the plays of D. H. Lawrence.

# Newport Jazz Festival

After an absence of five years the Newport Jazz Festival returns to London for one night only on Saturday, October 30, with two concerts (at 6.30 and 8.30 pm) at the New Victoria Theatre. The three attractions will be tenor saxophonist Sonny Rollins with his quartet, pianist McCoy Tyner with his quintet and blues singer/guitarist Muddy Waters with his group. The concerts are being presented by Newport Festival president Danny O'Donovan. Ticket prices are: £5, £3, and £2.



## WORLD TRADE NEWS

## Warning of damage to E. Europe trade

FINANCIAL TIMES REPORTER

THE LONDON Chamber of Commerce and Industry yesterday warned that further controls on exports to East European countries could cause lasting damage to trade prospects with those countries.

The chamber released the contents of a letter sent to Mr. Edmund Dell, Secretary of State for Trade, which expressed concern at the increasing number of dumping allegations.

The letter, from the Chamber's director, Mr. William Nicholas, said that the dumping allegations, often not based on fact, had potentially serious consequences for U.K. exporters to Eastern Europe if retaliation was provoked.

Mr. Nicholas added that growth in industrial development in Eastern Europe has presented increasingly attractive markets for Western manufacturers, especially of capital goods.

This, the Chamber believed, must inevitably entail increasing reciprocal efforts by the East European countries to increase their hard currency earnings in the West.

For many years the Chamber had worked vigorously with East European countries to promote an orderly and progressive development of two-way trade, through appropriate marketing strategies.

It was also pointed out that most other industrialised countries enjoyed a surplus in their trade with Britain. Contrasted with this, if the Soviet Union was excluded, Britain had a net export surplus with Eastern Europe which totalled £161m. in 1975 and £70m. in the first seven months of 1976.

Further extensions of import controls on East European products could only do damage to export prospects. Retaliatory action, against what would be construed as discriminatory action, might follow an extension of controls and Britain's prestige as a trading partner would also suffer.

The Chamber also said that East European trade would be seen in proper perspective as it still only accounted for some 3 per cent of our total trade.

Referring to the structure of

European exports to

the Chamber pointed

out that 46 per cent of them

were food and raw materials,

which hardly represented any

competition to U.K. industry.

Manufactured goods from

these sources represented only

3.3 per cent of British imports

for this category. Among manu-

factured goods, the only items

which reached significant propor-

tions were for imports of furni-

ture and footwear which respec-

tively accounted for 12.7 per

cent and 11.6 per cent of all

imports of these products during

the first seven months of this

year.

Imports as a percentage of

each category, during the same

period, of other supposedly sen-

sitive items were: vehicles 1.3

per cent, electrical goods 1.2

per cent and clothing 2.7 per

cent.

The letter was sent following

a meeting of Chamber's seven

committees responsible for pro-

moting bilateral trade with in-

dividual East European coun-

tries, at which they agreed that

dumping allegations, if not

proved, should be taken more

quickly and effectively.

New computer

BURROUGHS has announced

that it is to build a super com-

puter to be used in solving com-

plex problems such as those en-

countered in the control of large

tanks, in meteorology and in

military logistics.

It will be so powerful that it

will use as its controller the big-

gest machine the company is at

present building and installing,

a £1m. giant Burroughs des-

cribes the machine as an array pro-

cessor.

Trade surplus

Japan had a \$526m. trade

surplus on a customs clearance

basis in September following a

\$64m. deficit in August, the

Finance Ministry has announced.

Exports in September rose to

\$5.4bn. from \$5.4bn. in Aug-

ust, while imports increased to

\$5.6bn. from August's \$5.4bn.

IT USED to be the Far East

Now East Europe has the

doubtful privilege of being the

most frequent target of British

accusations of dumping. The

list of imports which have

caused complaints has less-

ened every month this year.

It now includes suits, shoes,

shirts, sandals, alarm clocks,

light bulbs, playing cards, and

even cars. In a related field,

low Soviet shipping rates have

created perhaps the biggest

rumor of all.

Are the Communists taking

advantage of the Western

economic plight to undermine

the capitalist system? Or can

they really explain their prices

by the advantages of their

system?

Dumping allegations are hard

to unravel at the best of times,

since it often requires com-

mercial information which com-

panies are loath to disclose.

When they involve East Europe,

the problem becomes even more

tangled. Investigators find them-

selves trying to pin down figures

which are virtually meaningless

because of the artificial price

and currency systems used by

Communist countries.

More than half the dumping

allegations being considered or

investigated by the Department

of Trade involve at least one

Communist country, many involve

five or six at once. So dumping

has become a major irritant in

British relations with East

Europe, causing much ill-feeling

on both sides.

The most common complaint

from British industry is that the

East Europeans are bringing

large quantities of—mainly

light-industrial goods into

Britain at prices which are

frequently half those of the

British product—and sometimes

less than the cost of the raw

materials. There is also the

widely-held suspicion that the

East Europeans' well-known

trade deficit with the West has

added urgency to their need to

export. That impression is re-

inforced when the volume of the

sensitive exports (which are

mostly consumer goods) is set

against the poor supply of their

domestic markets. Poland

exports a quarter of its car pro-

duction, though only one house-

hold in ten owns a car.

Several Comecon countries

were asked to accept voluntary

limitations on suit and shoe

exports to Britain earlier this

year. There have been success-

ful anti-dumping cases brought

against East European goods in

the past, such as fibre board,

sugar beet harvesters, and po-

lyester staple fibre. Most recently,

Romania's licence to import

man-made fibre shirts has been

revoked by the British DoT.

The number of public accusa-

tions made by British manufac-

turers' associations which have

actually been allowed up by the

presentation to the DoT of prima

facie evidence to support a case

against dumping is quite small.

limited segments of some mar-

kets. They also deny that their

goods get special subsidies. On

the contrary, they argue that

they operate on an economic

basis and are as keen as any

capitalist to maximise their

profits, though they admit that

their State-controlled economic

system enables them to price a

little more "flexibly." In the

clothing trade, where competi-

tion is particularly fierce, there

have been examples of the East

Europeans being undercut by

other countries, mainly in the

Far East, and having to drop

out.

The East Europeans maintain

that they fix their prices accord-

ing to the market and not their

own costs. The question of

how to set a value on pro-

duction in Communist coun-

tries remains crucial and

unanswered. This fact alone

makes Communist exports vul-

nerable to dumping charges,

and greatly complicates investi-

gation. What can be said in the

East Europeans' favour is that

past experience has taught them

the importance of running an

economy on real rather than

arbitrary values. The gist of

all economic reform for the

last ten years has been in this

direction. The pace of change

has varied widely. Even the

concept of profits is spreading.

In the last 12 months alone,

most Comecon countries have

restructured prices at the indus-

trial and wholesale level. The

cost of raw materials like

energy, steel, timber, and

cement has been pushed up by

as much as 25 per cent, to

force industrial management

into greater cost-conscious-

ness. The effect was in most

cases sharpened by parallel

measures forbidding industry to pass

on higher costs to the consumer.

The drive to increase pro-

ductivity is also an element to

consider. The East Germans,

for instance, explain that their

cheap alarm clocks come off a

single production line which

they designed themselves and

which operates at high speed

with only one man at the

controls.

In other countries, like

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# OVERSEAS NEWS

## Army in Peking jacks Hua

China's elite Peking army yesterday pledged allegiance to Chairman Hua Guofeng, after a weekend of demonstrations against the radical faction. Left-wing opponents of the radical faction, who were reported from Peking to have been in the front page of the People's Daily, said the army has sworn to win victories under the leadership of the Committee headed by Hua.

Meanwhile in Shanghai as the demonstrations of the radicals, posters for the "Four Great Reversals" were being torn down. This group of radicals, Chang Ching, Chang Chuniao and Wang Hung-chang and Yao Wen-yuan, are said to be under arrest.

## New Indian political move

ADVERS of all non-communist opposition parties, including the Congress Party, yesterday formed a People's Front for Civil Liberties and Democracy. The group, headed by Mr. J. P. Narayan, is the object of protecting institutional rights and the freedoms in India. K. K. Sharma reports from New Delhi.

It was done after a two-day meeting organised here by a "consensus" group of opposition parties, which was held from October 25.

## moi slams Thais

THE WAR of words between Thailand and Thailand's new junta heated up considerably over the weekend in a series of nationwide radio broadcasts. Radio Thai accused the Thais of slandering several thousand Chinese citizens and herding them into "disguised concentration camps". It also accused the "U.S. military rulers in Thailand" of "traitor actions" which "could bear the full responsibility and consequences".

Charles Nations reports from Bangkok.

## arcos wins poll

PHILIPPINE President Ferdinand Marcos yesterday headed a landslide referendum victory that could extend his rule for another six years.

Our correspondent Manila reports.

## Fears of new pressure on lira as surcharge goes

BY ANTHONY ROBINSON

ROME, Oct. 17.

DESPITE THE series of fiscal and monetary measures taken over the last two weeks to shore up the lira, there remains considerable apprehension both in political and financial circles that the currency will come under renewed pressure this week.

For the last two weeks trading in the foreign exchange markets has been limited due to the temporary 10 per cent surcharge of foreign currency purchases introduced on Friday, October 1. This brought the lira/dollar rate back down to the 840/845 range from 877 prior to the imposition of the surcharge. But actual trading volumes have been reduced as foreign currency buyers held off as far as possible to avoid the tax. The net result is a considerable backlog of selling orders in the pipeline, including the substantial dollar requirements of the oil companies and other major importers.

The Bank of Italy is keeping its intervention policy closely to itself now that the surcharge has been removed but Governor Paolo Baffi remarked on Friday

night that Italy still had around two billion dollars of foreign currency and the Central Bank is expected to intervene to even out when trading resumes irregularities which may emerge as the currency backlog is worked through.

Apart from the long standing negotiations to draw a further \$530m. from the IMF under the terms of the Jamaican agreement and the possibility of re-borrowing \$500m. from the Bundesbank on the basis of fresh gold collateral, Italy has virtually reached the limit of its foreign borrowing capacity.

The realisation of this fact is one of the major considerations behind the demands of men like foreign trade Minister Rinaldo Ossola, Bank of Italy Governor Paolo Baffi and President of the Employers Federation, Confindustria Guido Carli for more drastic measures including a six-month block on the cost of living linked threshold payment system. Their argument is that all the measures taken so far (from the rise in the petrol tax to higher public utility tariffs

## U.K. seeks action on fish limits

BRUSSELS, Oct. 17

EEC Foreign Ministers met in Luxembourg tomorrow in a renewed attempt to reach final agreement on a concerted extension of their fishing limits to a 200-mile Community zone by January 1 of next year, amid growing doubts over whether this deadline can be met by all nine governments.

Though the Nine agreed in principle to a concerted move as long ago as last July, their ability and willingness to act simultaneously has been called into question by a number of practical and tactical obstacles.

Thus the Foreign Secretary, Mr. Anthony Crosland, is expected to tell his European counterparts bluntly that Britain may be forced to act alone at the start of next year to protect Community stocks from the threat of over-fishing by trawlers from the Soviet Union and other non-EEC countries.

Of at least equal seriousness in the British view is the risk of further delay in the start of negotiations between the EEC Commission and non-Common Market countries like Iceland and Norway on reciprocal Community fisheries agreements to replace the present bilateral accords with the U.K. and other members of the EEC.

Complicating the discussions is the demand by Ireland, with support from Italy, that the preparation of commission mandates await acceptance by the Nine of the controversial principle of exclusive national fishing zones of up to 50 miles within the planned 200 mile EEC limit. This is in addition to doubts expressed by other Governments whether they will be able to have the necessary legislation ready in time to move to 200 miles on January 1.

## Dassault denies £180m. tax evasion allegations

BY DAVID CURRY

PARIS, Oct. 17.

DETAILED allegations that M. Marcel Dassault and the group of aviation and electronic concerns which he controls engaged in tax evasion on sums amounting to around Frs.1.5bn. (£180m.) seem likely to bring the troubled affairs of the company which is one of France's leading defence contractors back into the political arena.

The allegations are contained in a document of which long extracts are published by the weekly news magazine Le Point. It claims that the extracts come from a handwritten summary of the contents of a secret dossier on Dassault transactions sent to his children by M. Hervé de Vathaire, the former chief accountant of the group who disappeared in early July after withdrawing Frs.8m. from M. Dassault's account.

M. de Vathaire failed on Saturday night to obtain a court order restraining the magazine from publishing the material, it had acquired.

M. Dassault himself, who has all along repeated the affair almost with nonchalance, repeated his denial of being involved in any improper transaction.

In particular, he dismissed the

## Tone of race degenerates sharply following Dole-Mondale debate

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Oct. 17.

THE tone of the American presidential campaign, which President Ford hoped would be raised in its last two weeks, degenerated almost completely over the weekend.

The principal villain in the process was undoubtedly Senator Robert Dole, the Republican running mate, who, in Friday night's television debate with his Democratic counterpart Senator Walter Mondale, truly unleashed the dogs of political war.

On the campaign stump in Illinois yesterday President Ford maintained the new strategy of all out onslaught with a vengeance. Hitting new pitches of stidency, he accused Mr. Jimmy Carter of being willing to "say anything anywhere" to win the Presidency and said that he was forever "wiggling, waffling and wandering."

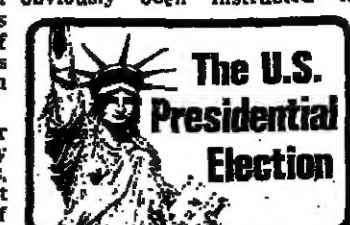
Mr. Carter was so moved by it all that he fired off a telegram to the President which said that Mr. Ford was misrepresenting positions and "telling the American people things that are

not true" about his proposals on taxation and defence spending.

Mr. Carter, it seems, is now prepared to indict Mr. Ford not only on the grounds of lack of leadership but also on the basis that he is a wilful distorter of facts. Mr. Ford, for his part, is clearly prepared to give him plenty of ammunition.

And so, above all, is Senator Dole. His performance on Friday night was, in many respects, quite remarkable. He all but accused the Democratic Party of waging partisan war against Adolf Hitler and in Korea, the dragged out all the hoary Republican detestation of Franklin Delano Roosevelt: he said Senator Mondale was not an elected Senator; he said he was guilty of gross absenteeism in the Senate; he managed to drag Mr. Carter's Playboy interview into a question about relations with Italy. Hardly a minute or a question passed without Mr. Dole resorting to bare-knuckle, below-the-belt tactics.

Senator Mondale, who was initially very nervous, seemed



refrain from trading verbal punches with Mr. Dole. But towards the end, his incredulity increasing, he could not resist the comment that Senator Dole has richly earned his reputation as a bachelorette to-night. Does he really mean that there was a partisan difference over our involvement in the fight against Nazi Germany?

No formal polls were taken on the confrontation. About the only gleaming came from a Los Angeles radio station's survey of 126 viewers, 42 per cent of whom

said the debate had prompted them to switch their allegiances: 65 per cent were now for Carter-Mondale, and 27 per cent for Ford-Dole.

If the American public (an estimated 75m. watched the debate on television) were looking for positive factors and arguments, then Senator Mondale won hands down, so biting and so negative was Mr. Dole. Indeed, if they were looking for "Presidential" qualities—bearing in mind that three of the past five Vice-Presidents have been thrust by death or resignation into the White House at a moment's notice—then the Democrat must have scored heavily.

If Mr. Dole had managed to mix up his tactics more and use his savage weaponry more sparingly and with better effect, then the outcome could well have been different. Indeed, it is impossible to say that his tactics on Friday did not work since he must at least have captivated the attention of the viewing public.

## Lusaka summit urges active Rhodesia peace bid by Britain

BY OUR FOREIGN STAFF

Four Black African "front line" Presidents meeting for one day in Lusaka have urged Britain to invite a fourth nationalist, the Reverend Ndabamangwe Sithole, to attend the Geneva conference on Rhodesia next week.

The call came yesterday as Mr. Joshua Nkomo, one of the three Black nationalists asked to go to Geneva, demanded that Britain send its Foreign Secretary—not its ambassador in the United Nations—to chair the conference.

In a less truculent vein President Julius Nyerere of Tanzania who with President Kenneth Kaunda of Zambia, President Samora Machel of Mozambique and President Sir Seretse Khama of Botswana held three hours of talks yesterday, also called upon Britain to "assume full colonial responsibilities."

His demand wound up the front line presidents' summit—the fifth president did not attend.

Earlier, the Presidents had conferred with some of the Black Rhodesian nationalists in Lusaka for an hour. The request

that The Reverend Sithole should be included in the Geneva conference which begins on October 28 after preliminary meetings, was put to Bishop Abel Muzorewa and Mr. Robert Mugabe, two of the other nationalist leaders.

Observers said that the demand is bound to intensify the rivalries between the various nationalists.

Although Mr. Mugabe and Mr. Nkomo appear to have formed a temporary alliance, the coalitions are very tenuous and the tension between the various factions marked.

The black nationalists have objected to the insistence by Mr. Ian Smith the Rhodesian leader that he will negotiate at Geneva on the basis of the package put to him in September by Dr. Henry Kissinger, the U.S. Secretary of State.

This calls for a transition to majority rule within 18 months to two years, and compensation for whites. Among the points the nationalists most strongly object to is that in any interim government Mr. Smith and his followers intend to keep the defence and police portfolios in white hands.

## U.S. companies in talks

A U.S. State Department official says a move is under way to involve U.S. business directly in the transition to majority rule in Rhodesia. AP-DJ reports from New York.

The official, who asked not to be named, confirmed Friday that a meeting had taken place earlier this month between Congressional and State Department officials and representatives of more than a dozen giant U.S. companies with interests in Southern Africa.

Other Governments and business sources familiar with the October 5 meeting said its purpose was to attempt to co-ordinate the business policies of such giant U.S. concerns as Chase Manhattan Bank, Mobil Oil Corporation and Union Carbide with official State Department policy supporting majority rule in Rhodesia.

## U.S. growth still rising says Simon

By Our Own Correspondent

WASHINGTON, Oct. 17.

MR. WILLIAM SIMON, the U.S. Treasury Secretary, vigorously maintained over the weekend that the country was still in the midst of "a healthy and balanced expansion."

He was speaking to the Business Council, a notable organisation of industrial leaders, who, late last week, had produced an economic assessment broadly in concurrence with the Administration's own. But he was also speaking in the light of further economic statistics which certainly suggest that the economy is at the present in a state of "heat" (to use Mr. Simon's own words).

The Federal Reserve, for example, announced on Friday night that its industrial production index was unchanged in September: this is the first time since March last year that it has not increased.

Although the strike at the Ford Motor Company was a depressant factor in the index the Fed was obliged to note that almost all of the other major components dropped or showed little change.

If you mentally erase the lofty mountains, the gentle hills, the lush pastures, the hushed forests, the bubbling streams, the smiling lakes, the sleepy villages, the bustling cities from your picture of Switzerland, you still have three international airports with excellent connections to all the world. And a very decent airline with a world-wide route network linking 87 destinations.

SWISSAIR



## HOME NEWS

## Battle over £7m. debts of shipbuilders fails

BY OUR GLASGOW CORRESPONDENT

A FIVE-YEAR battle to prove that the Government has legal responsibility to meet the £7.6m. debts of ordinary creditors of Upper Clyde Shipbuilders has failed.

Mr. Robert Smith, liquidator of the ill-fated consortium, will tell creditors at the annual meeting in Glasgow on October 28 that they have no effective recourse to the courts under section 332 of the 1948 Companies Act.

This opinion was given by a senior Scottish counsel and has been accepted by the creditors committee of inspection.

Mr. Smith, who has viewed his attempts to prove Governmental liability as a test case, is determined to force a recognition of at least moral responsibility towards creditors from the Department of Industry which controlled the shipbuilding company.

Mr. Smith is making a second approach to the Parliamentary Commissioner to ask him to consider creditors' claims. The commissioner has rejected a request on the grounds that departmental dealings with Government-owned firms involving contractual or other commercial transactions are out of his responsibility.

and, anyway, creditors appeared to have some recourse under law.

Mr. Smith tells creditors in his annual report to June, 1976, that now the second of these impediments has been removed, counsel has been instructed to

prepare representations to the principle involving sums still owed to the creditors by Government departments.

These involve £330,000 retained by the Department of Employment from repayments of Selective Employment Tax and payments of Regional Employment Premium otherwise due to the liquidator, and set off by the department against the employer's share of redundancy payments made during the company's winding up, and a further £1.35m. from the Ministry of Defence.

The Ministry of Defence is claiming the right to set off these amounts due from commercial contracts with Upper Clyde against taxes owed by the company when it collapsed and also against loans made by the Shipbuilding Industry Board.

Legal actions will be held in at least one of these cases: Mr. Smith and the Department of Employment have agreed to seek opinion of the Court of Session about the department's right to make this set-off. But the liquidator has given a warning to the Ministry of Defence that any similar application to the court to set off sums due against tax and Shipbuilding Industry Board liabilities will be opposed.

Mr. Smith's firm, Arthur Young McClelland Moores, of Glasgow, has received £75,000 in fees for the liquidator's special responsibility in the four years to June 1976, in which period he achieved gross receipts of £57m.

## Debate on reactor vital, says Benn

BY RAY DAFTER, ENERGY CORRESPONDENT

Mr. ANTHONY Wedgwood Benn, Energy Secretary, has made it clear he will postpone a decision on the fast breeder nuclear reactor programme until after "a great public debate."

The Government indicated that a decision would be made this autumn, but Mr. Wedgwood Benn said that more time was needed. "It is obviously a question for the community, and I am determined to see there is time before the decision is taken."

Although Government advisers have backed the fast-breeder as a solution to Britain's future energy problems, Mr. Wedgwood Benn is not convinced. "The view that there is no choice is an argument that should be looked at very carefully indeed," he said

on ITV's Weekend World.

"I don't, and neither does the Government, accept the view that the fast breeder programme is absolutely inevitable." No single expert view would answer all the questions. Opinions about safety and economic factors had to be sought and harmonised.

The Minister also spoke of the importance of developing a national energy programme. "If ever there was an area where long-term planning was essential it is in energy."

"I can think of no decision of Government that so commits a nation over thousands of years. The decision must be taken in the framework of democratic discussions, open government and public debate."

## Warning on inflation accounting

BY MICHAEL LAFFERTY

THE ACCOUNTANCY profession support of managers, trade unionists, the public and the Government.

As far as possible, disputed areas should be excluded from the initial standard. This would give more time for research and debate.

The accountancy profession must be clearly seen to be recommending an approach which produces "meaningful numbers by an easily understood process," he added. Undue responsibility for the four years to June 1976, in which period he achieved gross receipts of £57m.

## CBI charts road to recovery

By Adrian Hamilton

THE CONFEDERATION of British Industry is to unveil this week its policy document — "Road to Recovery."

The document, which has absorbed most of the Confederation's attention for the past month, is intended to provide the first coherent statement of the CBI's views on the right economic policy.

It plans to reduce unemployment by around 1m. through expansion of manufacturing and to urge a £30a. cut in public expenditure over the coming years, a national policy for retraining, a changed tax structure, a moratorium on further industrial legislation and diversion of resources to industry.

The theme of the document is making the mixed economy work and to this end it accepts nationalisation as it has gone so far, but calls for an end to further measures.

It approves some of present Government policy, but asserts the need both for stability and for a fundamental redefinition of the role of the National Enterprise Board.

It regards controlling inflation as crucial to growth. While urging the necessity for further wage restraint in phase three, it leaves its options open as to the form incomes policy should take. It also expresses strong opposition to price restraint, reflecting a harder CBI line on this question than a few months ago.

The document takes a relatively hard line on employee participation urging that this should be left as far as possible to the discretion of companies.

## Lords reject EEC aerospace plans

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EEC PROPOSALS for a Commission-controlled and financed aerospace industry in Western Europe are rejected by the House of Lords in its latest Select Committee report on the British collaboration.

The Lords suggest that any agreement that the EEC plans might worsen the manufacturers' and airlines' problems, rather than ease them.

The EEC's "Action Programme" for the European Aeronautical "Sector" was first issued in October last year, and suggested that there should be a parallel Community-financed manufacturing programme for large civil aircraft; a procurement agency to co-ordinate purchasing of sales in the U.K. by 20 per cent; a Community research programme; and support for market research.

The Lords go on to say that there is little evidence to support the EEC view that the "Sector" was first issued in October last year, and suggested that there should be a parallel Community-financed manufacturing programme for large civil aircraft; a procurement agency to co-ordinate purchasing of sales in the U.K. by 20 per cent; a Community research programme; and support for market research.

The Lords' broad conclusion is that the U.K. is better placed than any of her partners to influence the development of EEC aviation policy. The U.K. already supports the free world's second biggest civil aircraft manufacturing industry, has negotiated the world's largest network of civil air agreements, flies six out of the ten most direct scheduled passenger routes in the EEC, and has the best airworthiness body in the world.

It would mean nine countries of which seven have little industrial contribution of their own to make in this field) sharing the provision of high-risk capital—and doing so mainly for the benefit of Britain and France or else to finance dispersal of a waiting gallery.

## Conservatives offer education entente

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE PRIME Minister has been more contact with heads offered an educational entente by the Conservative Party, a few hours in advance of his much heralded speech in Oxford on the country's education system.

"If you and your colleagues now genuinely wish to initiate a new non-political era in British educational history, you will have the full support of the Conservative Party. But I hope you will remember it takes two to tango," Mr. Callaghan was told in an open letter to-day from Mr. Norman St. John-Stevas, the "shadow" Education Minister.

However, the main conditions suggested in the letter—which also accuses the Government of stealing the Opposition's "educational clothes"—are two changes in the Bill requiring local authorities to plan for fully comprehensive schooling, one of which seems directly in conflict with Labour Party principle.

Following reports that brief supplied for Mr. Callaghan's speech by the Department of Education and Science contained teacher-control of the text and methods of teaching, examining, the NUT, even accused "certain elements" of the department of making a power.

Describing the brief as "ill-informed, superficial, biased, and the union's statement to the Minister asking him to respond in his speech that 'it is teachers and who are best able to judge the needs of the children.'"

A further reported element of the brief was a proposal of able school-leavers should be diverted from arts-side studies to courses in science, technology, and business. This, too, was indirectly questioned on psychological grounds by an author report published to-day in the National Foundation for Educational Research.

The research, conducted on nearly 1,300 undergraduates in 1972-73, indicates difficulties diverting older pupils from side of the divide to the "rooted" personality difference between youngsters who are centred on arts and those concentrating on sciences.

Arts students were found to be "more anxious, neurotic, tense, minded (clinging, over-protective) and radical" than those who had reached university.

Industrialists to be given the science side.

## Tax rebate impact called beneficial

BY MICHAEL BLANDEN

THE RECENT improved level of retail sales activity is likely to be reflected in the level of consumer expenditure to be published to-day. Figures are expected to confirm the continuing beneficial impact of the August tax rebates.

The recovery in sales began in July after the low levels reached in the previous two months and was held in August when the growth rate over the previous year reached its highest level so far in 1976 at just more than 3 per cent.

With declining real incomes, it is not expected that there will be much further improvement in retail sales during the rest of the year. Nevertheless, the third quarter figures as a whole should be reflected in the annual figures.

## OBITUARY

## Sir John Stratton

SIR JOHN STRATTON, president of the FMC meat group, has died at his Sussex home aged 70. He had been chairman of Revenue since 1964. Educated at Cambridge, Sir John was managing director of the company from 1947 to 1964 and had been chairman of the FMC group since 1964. He was a member of the National Farmers' Union and the Bacon Curers' Association.

Plan to expand when you are feeling the pinch

The squeeze on resources gets tighter, and it is difficult, but essential, to plan to take advantage of the better times once they arrive.

Should you perhaps wait? Or is there some action you can take now?

One positive and immediate move you can make is to discuss with Laing your future plans for expansion.

We can advise you how to reduce building development time by up to a third over a typical two-year contract. If you would like to know more about us and what we could do for you, please write to H. K. Cowan, John Laing & Son Limited, Mill Hill, London NW7 2ER. Or phone him on 01-906 5614. Telex 263271.

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هكمان النجول



## INDUSTRIAL CATERING

BY NICHOLAS LESLIE

EXECUTIVE HEALTH

## Burden of feeding the workers

THE PAST two or three years have seen a sharp increase in the cost of catering for companies. This is due to a number of factors, including the rise in the cost of food, the need for better standards, and the fact that many companies are now catering for a larger number of staff.

One of the main reasons for the increase in catering costs is the rise in the cost of food. This is due to a number of factors, including the rise in the cost of raw materials, the need for better standards, and the fact that many companies are now catering for a larger number of staff.

Another reason for the increase in catering costs is the need for better standards. This is due to the fact that many companies are now catering for a larger number of staff, and the need for better standards is becoming more and more important.

The fact that many companies are now catering for a larger number of staff is also a reason for the increase in catering costs. This is because the cost of catering for a larger number of staff is higher than the cost of catering for a smaller number of staff.

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26,000 part-time employees, the majority of whom use catering facilities provided. The major meal is lunch, but breakfasts are also available for the early morning staff such as cleaners and warehousemen.

Marks and Spencer has 1,500 catering staff and to recruit it goes to the training colleges—there always follows, however, a period of further training (in both food and money management) to acquaint new staff with the company's standards.

These standards are high, not only in terms of the food and the way it is cooked but also the conditions of both the kitchen and the dining areas. Cleanliness is a major priority, and, for example, there are no tea towels to be found in kitchens, only washing-up machines and disposable paper towels.

Meals are generally provided in two or three shifts at lunch time, depending on the staff numbers and in a great many stores there are hairdressing lounges adjacent to the restaurant and staff can have a meal on a tray while having their hair done.

Each person is charged just 10p per day—broken down as to 21p for refreshments at the mid-morning break, 5p for a three-course meal and 21p for the afternoon break. The company does not disclose the total subsidy it provides for staff catering, but the subsidy per person just on food which in general is the same as is sold in the store—is about £1.40 per week. On top of this has to be added labour and other overheads.

Another feature of Marks and Spencer's concern with catering is that it encourages its suppliers to emulate its example. Further, it will offer advice to those companies which do want to improve their

facilities and will provide members of its own staff to help a supplier set up a catering unit.

But it is not essential to manage one's catering oneself in order to provide a good service. ICL, for example, maintains a high standard using an outside contractor for all its units. Its view is that this leaves ICL's management free to concentrate on the job of making and selling computers.

ICL has recently established

annual survey of catering in companies. Although some companies may feel that they can match the standard of a contractor at a lower cost, they often do not take account of using the services of their own accounts department, typing pool and other services instead of the caterer's, says the Society.

Companies also are finding it necessary to adopt a more professional approach to keep ahead of changing tastes. The trend in recent years has been away from heavy meals towards lighter foods, with a greater proportion of salads. Factors which have influenced this have been a greater awareness by people of diets, generally less strenuous work, shorter working hours, and a warmer working climate in the winter as a result of legislation requiring a minimum office temperature.

On the other hand, where a restaurant or canteen is used for lunches only, some additional use of the space could be found to defray costs. For example, the Standard Telephone and Cables restaurant in the basement of the company's London office in the Strand now caters in the evening for staff who wish to have a meal before going to the theatre or cinema.

The difference in cost to a company of operating its own catering establishment compared with employing a contractor is virtually negligible, according to the Industrial Society which carries out an

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On the other hand, where a restaurant or canteen is used for lunches only, some additional use of the space could be found to defray costs. For example, the Standard Telephone and Cables restaurant in the basement of the company's London office in the Strand now caters in the evening for staff who wish to have a meal before going to the theatre or cinema.

## The cold season arrives

FEW MATTERS in human experience are predictable or dependable. Governments may come and go, economic fortunes wax and wane, industrial empires rise and collapse. But one thing is as certain as the fall in autumn, most of us will suffer from attacks of the common cold this winter.

No sex, age, race or constitution is exempt from this robber of work, this master of misery. And the minute organisms responsible are no respecters of caste. They afflict managing directors and messengers, politicians and paupers alike.

Why colds should be more common in winter than summer is not clear, although several factors seem to be involved. Donning winter clothes that have not been dry-cleaned since they were cast off has been blamed. But two important causes are poor ventilation of houses and offices, plus the low relative humidity caused by central heating.

Few people seem to realise that the mucous membranes of the nose should be moist so that they can act as a type of moat to dissuade invading organisms to cross over to victory. If dried out, as occurs with a relative humidity below 50 per cent., they offer no barrier to the weakest organism which can cross, multiply and create havoc.

The scourge can be discouraged by ensuring good ventilation and relative humidity values in the region of 65 per cent. Equally important is to persuade those already afflicted to keep their beastly colds at home instead of spreading them with every virus-laden cough and sneeze. Advocates of vitamin C and other pot-potions will disagree, but evidence for their theories shows that those who benefit are the purveyors.



... less danger of disturbing the dreams of fellow directors ...

Immunisation against influenza from my old school doctor appears to help some people was how to blow my nose. Because, of all the innumerable organisms responsible for colds, the new boys a demonstration. As he had a very large nose and was something of an exhibitionist.

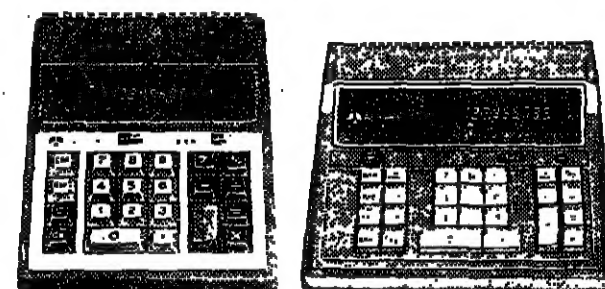
Once a cold is established, there is not much that science can do. Many people have remedies involving such things as old socks and other lay with blowing down one nostril at a time as opposed to the general habit of squeezing the nose and building up a great pressure before trumpeting.

This advice was very sound because, by using the latter method, it is very easy to force infection upwards, thus infecting sinuses, etc. It also puts most undesirable pressure on chronic catarrh, sinusitis, etc., the middle ears. A simple suggestion is usually over-tag in that there is less danger of blowing one's nose properly.

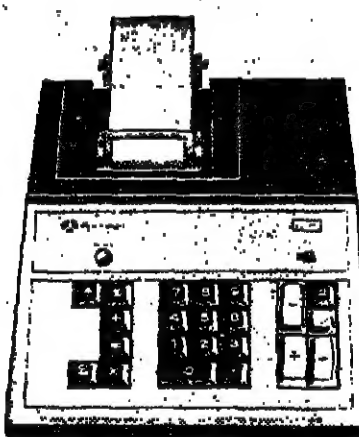
The only thing I ever learnt Board meetings.

## For Rockwell, no business problem is too big.

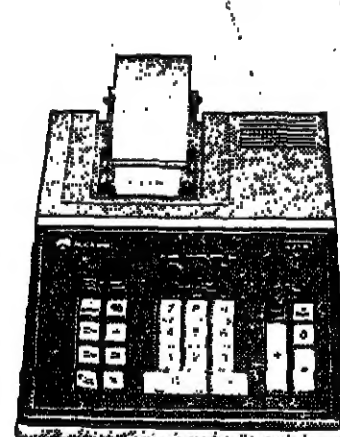
When you've supplied the micro-electronics know-how that's helped put man on the moon, you know a thing or two about large calculating problems. That's why when it comes to developing a complete range of desk top calculators to deal with complex or routine business problems, there's probably no one quite as well qualified as Rockwell.



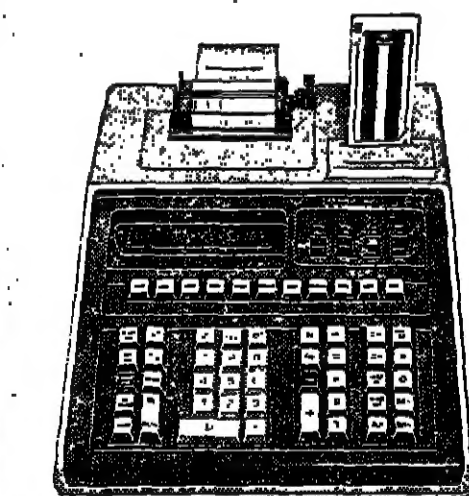
Desk top display models include the 8-digit 310 and the 12-digit 320 with independent memory.



212P desk top digit printer. The ideal adding machine replacement.



400 series 12-digit desk top printers range from the 425P with accumulating memory model to the 475P/D combined printer/display with 16 step programming option.

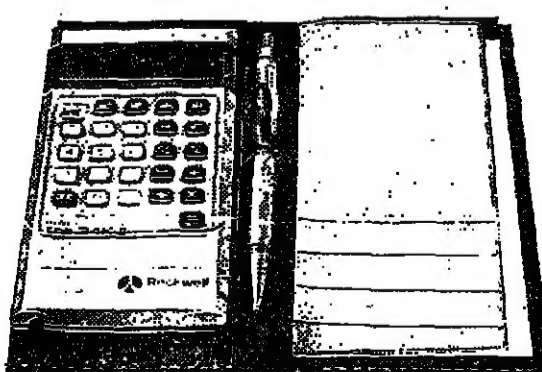
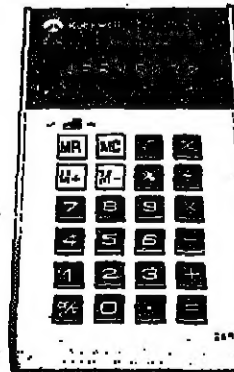
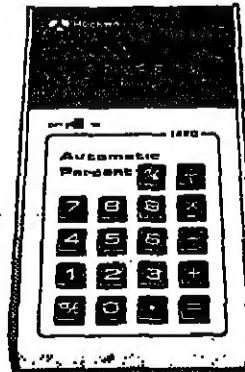


The 900 series programmable desk top calculators incorporate as basic features 14-digit print and display integral magnetic card reader and upwards of 41 memories and 448 program steps.

## Or too small.

If you need something a little more compact, Rockwell have 11 hand-held calculators ranging from a basic function model to one capable of untangling a complicated scientific formula.

See them at your Rockwell dealer now.



The Rockwell hand-held range with large easy-to-read green displays include the basic four function 14RD at £10.95, the 24RD memory at £14.95 and the slim line executive 24K at £26.95.



Rockwell International

...where science gets down to business

For addresses of local stockists contact: Mr. P. Hathaway, Rockwell International, Anita House, Rockingham Road, Uxbridge, Middx. UB8 2XL. Tel: Uxbridge 51522. Prices correct at time of going to press.

## Award for office design

FOURTH competition to office buildings specifically use of the entrant company and sponsored by the Institute of designed for the entrant's requirements. The second is for office accommodation provided within the shell of a speculative built office development. The third is for office accommodation which is in an existing building and which has been upgraded or converted to meet with the entrant's requirements. In its definition of what is meant by an office for the purposes of the competition the institute says that it is interior accommodation in which general clerical and administrative work is performed. Any premises completed, with ancillary amenities and facilities by the staff having in place between January 1, conference rooms, staff restaurants and cloakrooms will be included in the assessment provided they are for the sole

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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Close control of telex network

TOTAL reliability is a considerable claim to make for any equipment, but this is what Lloyds Bank says of its newly installed video telex international message switching array working at the London head office in Queen Victoria Street.

Apart from this, the units have shown considerable cost savings on capital equipment and simplicity in operation which takes place at four times the speed of conventional equipment.

First U.K. bank to use ILTMS, the Post Office's International Leased Telex Message Switching System, Lloyds is also the first to use VITEL (video telex send receive and editing) developed by ATS Communications.

All messages to and from the London centre are under the control of six display operators.

These displays, working at 200 bauds, show each message for verification. Their maximum storage capacity is 4,416 characters of which 1,104 can be shown at any one time.

On these displays, texts can be edited or modified and then passed on to the computer for forwarding to the final destination. Authentication staff use slave monitors to clear each message and the VITEL equipment may be used to monitor or recall international messages passing through the centre without normal operator intervention.

The system is used for the control of international money transactions and the Post Office guarantees to replace or rectify hardware faults in well under an hour.

SWIFT is to be used to handle

some of the bank's current or modems for use with any store and forward message switching system. Back-up ATIS is at Bridge Road, Haywards Heath, Sussex RH16 1TY. 0444 52377.

### Portable printer

NOT MUCH bigger than a portable typewriter, a complete silent teletype unit with thermal printer output and an acoustic coupler for use over the public telephone network is on offer from Extel.

Teletype communications can thus be set up at any remote point where there is an exchange line and a mains power point and the equipment is of particular use in emergencies.

The thermal printer is by NCR and it has been tailored to the keyboard and coupler into a unit which will fit into a working area only 0.5m square.

This transmit/receive terminal operates at 50 or 75 bauds and its acoustic coupler is designed to work with PO 700 Series handsets.

Extel, engineering division, 73, Scrutton Street, London EC2 4PB. 01-739 2041.

## MATERIALS

### Binder for variety of fillers

A POLYESTER resin binding system for use with a wide variety of fillers and aggregates has been introduced by the Boston Chemical Co., Wetherby, West Yorks., LS23 7BZ (0937 84311).

It is prepared by mixing the accelerated polyester resin with a powder catalyst in a mechanical mixer or bucket. Fillers are then added to make materials of consistencies varying from thin brush applied coatings, to pourable grouts and mortars which may be trowelled. Any dry, clean aggregate which does not react with polyester resin may be used.

Main use for the material is for the mixing with aggregates such as silica sand, gravel, flint, to make grouts and mortars etc., to make grouts and mortars etc., to make grouts and mortars etc.

used for fixing balustrades or as a floor screed. Sawdust and wood flour can be used to make repair compounds for timber, while metal powders may be incorporated to make a casting repair material.

The resin is supplied in packs of 5, 25 and 200 litres, while the catalyst is supplied in small units suitable for adding to 5 litres of resin.

### Electrically conductive paints

TWO SURFACE coatings have been developed that conduct electricity—one, Anodon, is intended for use as the anode in a cathodic protection system, while the other, Epitherm, can be used to provide low level heating, or as an earthed conductor for the discharge of static electricity, and for screening applications.

Developed by Croda Paints, Bankside, Hull, HU5 1SQ (0482 41441), both can be applied by the usual methods.

Anodon can be used as the anode in an impressed current cathodic protection system of steel structures (such as ship's hulls, pipelines and offshore platforms). It is a self-curing twin-pack type, with a pot life of six hours and a seven-day curing period.

Epitherm, intended for low voltage heating applications, is water based, and unsuitable for outside use without a protective finish. Maximum heat level that can be reached on a surface painted with it is 40 deg. C (104°F). Coloured black, it is fully cured in 96 hours. It can be used under wallpaper or emulsion paints. Suggested applications range from back-ground domestic heating, to trace heating of pipelines and de-icing of airfield runways.

Robert Jenkins Systems, Wortley Road, Rotherham, South Yorks.

### Aggressive solutions resisted

IMPREGNANT TH allows graphite heat exchangers to handle nitric HF solutions and hydrochloric acid and also to run at mean temperatures of 230 degrees C against 170 for standard impregnants.

The result is that the Polybloc heat exchangers from Jenkins can be applied to many more industries than at present, since higher temperature levels, and more aggressive environments can be handled, while the material resists other forms of corrosion and does not pick up contaminants.

Robert Jenkins Systems, Wortley Road, Rotherham, South Yorks.

## DESALINATION

### Processing efficiency increased

BY USING a new scale control additive, seawater distillation plant can increase its output of fresh water by a minimum of 30 per cent, with a marginal rise in fuel costs.

This claim is made by Ciba-Geigy for Belgard EV, an additive based on polymeric carboxylic acid, and developed by the company under a joint research agreement with the United Kingdom Atomic Energy Authority.

Work started in 1968 and, according to Dr. J. Grigor, managing director of the company's industrial chemicals division, represents a research investment of "several million pounds". Production plant is already opera-

ting and the company plans to extend it by 1980.

There are more than 350 desalination units throughout the world producing over 250m. gal. of fresh water daily. Developments, particularly in the Middle East, could double this output by the end of the decade. Currently the market for additives is estimated to be about £15m.

Most of the world's desalination plant uses the multistage flash (MSF) process, a U.K. invention. This operates most efficiently at around 120 deg. C, and additives are required to prevent the plant becoming choked with scale. At present two main additives are used—polyphosphates or sulphuric acid.

Polyphosphates do not work above 80 deg. C, dropping the efficiency of the plant by 64 per cent, but corrosion levels are low. Acid has to be very carefully controlled, or there is a risk of severe corrosion. It also presents transport, storage and handling problems (1m. gal/day unit requires 1.5 tonnes concentrated sulphuric acid every day). Cor-

rosion rates with acid are anyway much higher, but the plant can be operated at 120 deg. C.

Ciba-Geigy says that with Belgard EV none of these problems arise, and although the material is expensive (about £2,000/ton) final cost of fresh water per gallon is much lower. This is because plant costs drop as there is no corrosion (in fact, on test, scaled pipes have started to clear) and since the additive can be used at 120 deg. C plant efficiency rises, and fresh water production increases substantially. Pollution problems are also said to be reduced.

Although there is not much demand for the additive in the U.K. for desalination plants (except in the Channel Islands and on offshore structures), the company expects it to have applications in process and cooling line particles, which are water for industry by enabling adhering and dispersing. In one instance recycling has cut a company's water bill from £36,000 per annum to £1,000 per annum.

Field trials with Belgard EV have been completed in Saudi



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Arabia, Abu Dhabi, Qatar and the Canary Islands.

The material prevents scale formation on heat exchanger surfaces in two ways: distortion. This results in production of large, non-catalytic particles, which are water for industry by enabling adhering and dispersing. In one instance recycling has cut a company's water bill from £36,000 per annum to £1,000 per annum.

Details from Ciba-Geigy Industrial Chemicals Division, Simonsway, Manchester, M13 9PL (061-437 5232).

## NAVIGATION

### Success for Omega

OVER 800 Omega navigator shipborne receivers have now been sold by Redifon Telecommunications, one of the first companies in the world to produce marine receivers for this and also for satellite navigation.

Fittings have recently been made to many South American merchant and naval vessels including submarines and much of the increased interest in this area is due to the starting up of transmitting stations in Argentina, La Reunion and Liberia; these extensions mean that Omega coverage is now available on more than 90 per cent of the earth's surface.

The system gives positional accuracy to within one nautical mile by day (two at night). A feature of the Redifon NV1 equipment is continuous direct read-out of three hyperbolic lines of position produced by automatically tracking signals from all the ground stations. More on 01-874 7281.

## PLASTICS

### Moulding unit grows

SALTER PLASTICS has moved into a new 30,000 square foot plant on the Vestry Estate at Sevenoaks in Kent.

The company has shut the plant in Colchester but is retaining a second plant in Sevenoaks (4500 square feet) and also a 7500 square foot unit in Tonbridge. Employment now totals 130 people.

When the move is completed the company, which is now turning over about £1m, will be operating about 50 moulding machines (all German and Italian) with capacities up to about 400 tons and 40 ounce moulding charge. Most plastics with the exception of PVC can be dealt with, the company specialising in work for the electronic and electrical industries.

It is marketed in the U.K. by Victor Pyrate, Ariside Avenue, South Oxendon, Essex (04025 6121), a member of the Samuel Hodge Group.

## INSTRUMENTS

### High speed industrial analysis

THREE NEW instruments for high-speed industrial analysis and quality control have been introduced by Pye Unicam, York Street, Cambridge CB1 2PX (0223 58866).

The PW 1600 is a simultaneous multi-channel X-ray spectrometer, capable of analysing low- or high-alloy steels in 20 seconds. This time includes loading the sample but excludes print-out of the results.

Pye says high accuracy is achieved through an integrated mini computer with advanced software that enables the user to take full advantage of the recent achievements in the field of inter-element corrections.

The instrument, which can also be used for copper-based alloys and oxides fused with a flux, can be calibrated in one or two days using 6 to 30 standards—compared with several weeks' work and up to 200 standards for instruments without this facility. Compensation for drift is required only once every eight hours, and, once computer-controlled.

Up to 28 elements can be measured simultaneously, with the concentration displayed on a print-out in less than a minute. Up to 35 samples can be

analysed unattended by the APD10 automated X-ray powder diffractometer. It is stated to provide fast and accurate qualitative and quantitative compound analysis of polycrystalline samples. This instrument is also computer-controlled, and is capable of storing up to 99 programs.

Major advantage claimed for the equipment is that routine analyses can be carried out overnight or during the weekend, allowing the laboratory an increased workload. Applications include petrology, mining, steel production, petrochemicals, paint, and air pollution analyses.

Concentrations of up to 20 elements, including carbon, sulphur and phosphorus, can be determined simultaneously in material such as steel, iron and non-ferrous alloys, with the PVS350 direct reading emission spectrometer. Modular electronics enable the instrument to be matched to individual analytical requirements.

Running under automatic control of a number of preselected programs, the system is said to be simple to operate, and its excitation stand accommodates samples of a wide range of dimensions.

All the instruments were developed by the parent company, Philips, in Holland.

## CLEANING

### Produces a strong jet

DEVELOPED IN Norway by Sem Maskinm, the Semjet air/water gun is said to have a variety of uses. These include cleaning bulk carriers, cargo holds, hand cleaning the residue left in tankers, and a range of other applications including fire fighting.

The gun has no moving parts, is lightweight, and can be hand-held or mounted on a simple tripod. It is fed by a standard fire or tank cleaning hose, and a 1 to 1 inch air line. The principle is that a spiral nozzle ring arrangement injects air into the water stream, producing a very long powerful jet with low water flow and a low reaction force (enabling a man to hold it easily).

It is marketed in the U.K. by Victor Pyrate, Ariside Avenue, South Oxendon, Essex (04025 6121), a member of the Samuel Hodge Group.

## HEATING

### Warmth at the work site

DEVELOPED IN the U.S., the Ace range of portable forced air heaters is being marketed in the U.K. by W. Gamlingay, Drove Road, Everton, Nr. Gamlingay, Sandy, Beds., SG19 2HX (0767 50011).

The units are intended to supply heating on construction sites, in factories, warehouses, stadia, or garages, and have agricultural applications such as crop drying, calf rearing and broiler houses.

It is claimed the units produce instant heat, the largest in the range produces up to 650 cu.ft./min. of dry, warm odour-free air. It will produce 150,000 Btu/hr. for 16 hours on one tank of paraffin.

The heaters have a stainless steel combustion chamber. Fuel is burned in the rear section, then moves forward for recirculation through an after-burner in the nose cone where any unburned gas is consumed. Trolley mounted, the units are electrically fired and controlled.

## COMPUTING

### Two units for U.K.

ATTENTION at this year's SICOB was concentrated upon announcements from major companies among them that of the French-built Linxwell CII Bull 44/60 processors and the NCR banking terminal system.

What has not attracted much attention are two nevertheless interesting products, both of which are bound for the U.K. to come from small companies. The first is the Canadian MCM micro-computer system, handled in Europe by a French company called Sysmo.

The basic "800" system, with 250K-bytes on a floppy disk (running up to 1Mg) with a 130 character 45 cps printer is selling on the French market at around £17,000 at the current exchange rates.

It is a competitor to the Burroughs P80, the Hewlett Packard 40, the Wang 2100, and stretching things a little IBM's 8100.

It allows for the preparation of line of telegraph message (CCITT Alphabet No. 2) at 300 baud. It comes in three video display unit, keyboard, and logic cabinet, and its printer option for those long print-out.

An APL machine, with a business and commercial application, offers deals with basic money applications, pay, account control and the like as well as many packages in the thought of as more national small machine APL equipment. It has been in use in Europe for two years, and there are 100 installations in France, a few in Italy and Switzerland.

The second system due to be launched in the U.K. via a machine which will be all French-made and user-oriented. It is called the French company called Sysmo and is an alphanumeric system which makes use of video digital techniques.

It allows for the preparation of line of telegraph message (CCITT Alphabet No. 2) at 300 baud. It comes in three video display unit, keyboard, and logic cabinet, and its printer option for those long print-out.

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21 STAND ROLLING MILL for flattening wire and rolling narrow strip. Complete with edging rolls and recoiler.	P.O.A.	0902 425417/23 Telex 3364
MODERN ROLLING MILLS, wire, rod and tube drawing plants—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	P.O.A.	0902 425417/23 Telex 3364
1974 HEAD CRACKER 100 kW double vacuum annealing plant useful charge area 625 mm dia x 2000 mm loading height output 600 lb per 24 hours.	P.O.A.	0902 425417/23 Telex 3364
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control for cutting non-ferrous bar. Max capacity 5" round and square.	P.O.A.	0902 425417/23 Telex 3364
1970 CUP-70 LINE MILL capacity 1000 mm 2 mm x 7 mm coil, fully overhauled and in excellent condition.	P.O.A.	0902 425417/23 Telex 3364
1945 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton. 27"-29"-31" diameter drawblocks.	P.O.A.	0902 425417/23 Telex 3364
TWO 1-TON CAPACITY AJAX WYATT type 150 kW melting furnaces.	P.O.A.	0902 425417/23 Telex 3364
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CATERPILLAR 955 C WHEEL LOADER, with 3 1/2 cu. yd. buckets and new tyres.	£25,500	Telex 5113
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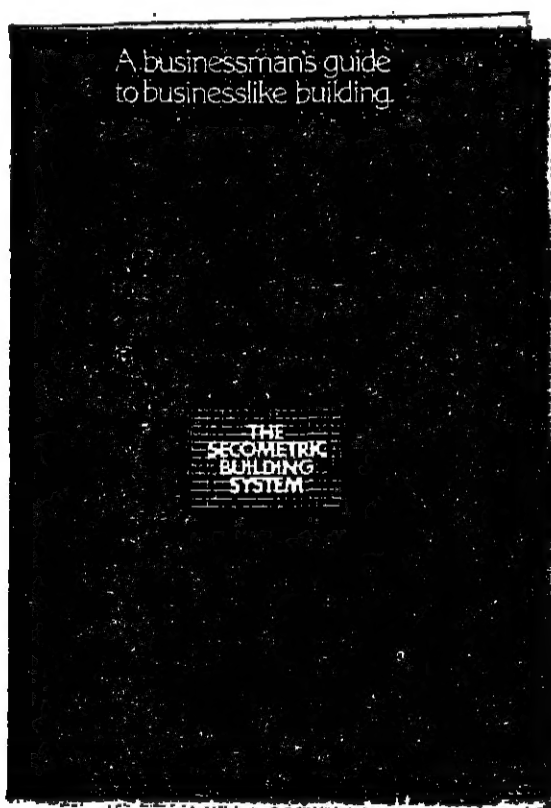
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# Building and Civil Engineering

## ementation in £52m. Dubai project

OF the biggest private prime building projects in the United Arab Emirates is to be started soon in Dubai. It cost about £52m.

The project is a new hotel and office complex, known as the 'Dubai House' (Dubai House Construction (Private)). Architectural, structural, mechanical, electrical and interior design services will be provided by 3D International Consultants of Houston, Texas. The hotel will be a 100-room international hotel operated by the U.S. will manage the hotel.

Abdul Wahab Galadari will own the completed complex which will be on the corner overlooking the Gulf, Dubai Creek and the city.

## 2m. job Heathrow Cubitts

AND, Hannen & Cubitts (London) has been awarded a £2m. order by the Airports Authority to carry out further work at Heathrow Airport.

The contract involves the redevelopment of the Terminal 3 arrivals and construction of an office block. The work will be carried out in several phases to reduce inconvenience to passengers. A new office block will have floors constructed over a station and supported on piers. Construction will be of precast concrete frame with concrete cladding and glazing.

The contract is due for completion towards the end of 1977. Architects are Pascall and Son.

## 1m. berth Mombasa Harbour

Fairclough Group has been awarded a contract for berth 18 Mombasa Harbour, Kenya, at a cost of more than £1m.

The 180-metre berth will be adjacent to the two already completed berths.

## ing scheme central Blackpool

A £5m. central area redevelopment scheme is to be carried out in Blackpool by Laing Development Company in partnership with Blackpool Borough Council.

The scheme involves the redevelopment of a complex with a four-pedestrian malls with a central plaza housing 37 shops and a restaurant together with more than 140,000 square feet of floor space. Servicing and car parking would be above.

## fore homes Derby

CONTRACT to build 104 frame houses has been awarded by Derby Borough Council to Hardstock, a member of the Babcock and Wilcox group.

The contract is worth £750,000 and is due for completion by the end of this year.

Hardstock, which is based in Herts, will be building houses as part of Phase B of Borough Council's Weston Avenue development.

## ar can low lift platform

CABLE OF being towed by a car on a normal towing sh. a hydraulic lift platform has been introduced by this firm.

The unit is a standard 200 mm. and comprises 19 houses including special designs for the elderly and disabled.

Called Skyraiser, the unit lifts a load of 250 lb on a 4 foot x 8 inches raised platform to working height of 24 feet. The hydraulically operated telescopic boom is driven from a battery pack and controlled by four push buttons on the platform. It reaches working height in 50 seconds.

Packed for travel, the unit measures 13 feet 3 inches x 5 feet 4 inches x 19 inches. It is easily be manhandled into confined spaces.

Selling at £2,750, the unit was designed and built by this firm. It is expected to supersede

structed by the Fairclough Group at Mombasa and will be of reinforced concrete with considerable dredging and reclamation. There is provision in the contract for options to incorporate roll-on/roll-off facilities and further extension of the berth.

Mobilisation of plant and equipment has already commenced and the berth will be completed mid-1978. The contract is for the Ministry of Power and Communications of Kenya. Consulting engineers are Scandinavia of Sweden.

## Houses and factories by Wimpey

BIGGER of two contracts worth over £2m. to George Wimpey and Co. is a £1.4m. award by Salford Corporation for the construction of a further 158 dwellings at Lower Broughton Road in Salford.

This development provides for 138 houses and 20 flats, all two-storey units in brick with No. 10 Fines party walls.

The £600,000 plus contract is from Brixton Estate for additional factory and warehouse accommodation at its Woodside Industrial Estate, Dunstable, Bedfordshire.

There will be two factories and one warehouse unit all with offices and covering a total of about 9,500 square metres. There is an option to extend the work for a further 5,000 square metres.

and car parking would be above. The Blackpool Tower, the three-storey site is bounded by Victoria Street, Adelaide Street, Sefton Street and Tower Street.

The new shopping centre will be linked to an existing high-level walkway which was built to take pedestrians across the busy promenade and on to the multi-storey car park. The park is to be extended to provide space for 1,450 cars with access right into the centre.

Building Design Partnership, of Preston, is designing the scheme and is also carrying out the surveying operations. Structural engineers are Deskin and Callard, and services engineers are R. W. Gregory of Partners.

ladders and scaffolding for a wide range of maintenance work—the company also considers that via hire firms in the do-it-yourself field it may even reach the domestic user.

## Gritting is related to road speed

LATEST BULB gritter body from Rolba has a hopper capacity of 8 to 10 cu. metres, and is intended for permanent mounting on 6 x 4 and 6 x 6 wheel-drive chassis.

Designated type ZRO-1, it is powered by a high capacity variable output pump for the Archimedeian feed screw and a separate hydraulic pump for the spinner disc—both are driven by a belt from a pulley between the gearbox and propeller shaft. This ensures that the gritter is automatically speed-related and the pre-selected rate of spread is maintained regardless of road speed.

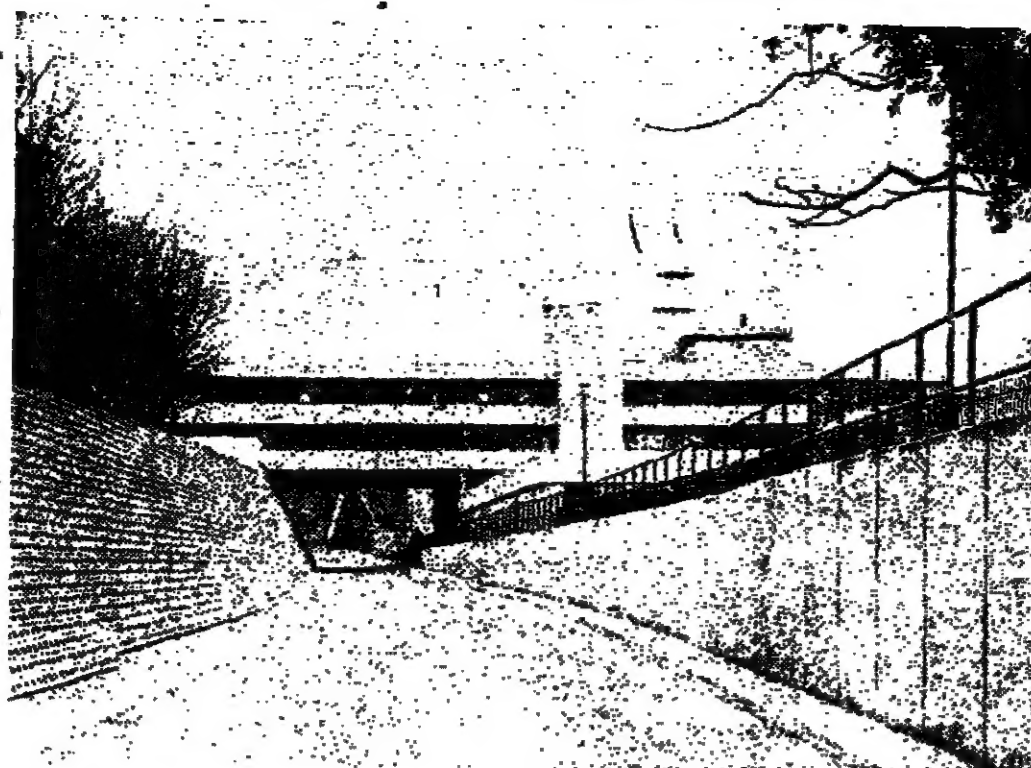
Rate of spread and spreading width is controlled by the driver from the cab. Front spread or rear spread versions are available.

The maker is at Charlwood Road, East Grinstead, West Sussex RH19 2HU. (0542 21161).

## IN BRIEF

● Aberdeen Construction Group subsidiary Alexander Hall and Son (Builders) has been awarded a £1.1m. contract by the Scottish Special Housing Association, at Middleton, Bridge of Don, Area "A" for 125 houses.

● Hunting Gate Group of Hitchin, Herts, is to construct an office and factory complex totalling 127,000 sq. ft. at Ramsgate, Kent, for the Engineering Division of BOC. The contract price is about £11m.



With its structure above the main building looking like a ship, the new £3m. Merchant Navy College at Greenhithe, Kent, is due to be officially opened by the Duke of Edinburgh on October 28. Main contractor was Willett (Trafalgar House Group). This picture was taken from the service road which is routed under the main buildings. Consulting engineers were Andrews Kent and Stone.

## Opportunity for plastics pipe makers

TENDERS are being sought for the supply of 80km of flexible 2 inch diameter plastics tube for the Rahad irrigation project in the Sudan.

This is only a start because over the next seven years about 800 km. will be needed for the scheme which involves 120,000 hectares of land between 200 and 300 km. south of Khartoum.

The consulting engineers are Sir M. MacDonald and Partners, Demeter House, Station Road,

Cambridge CB1 2RS from whom details and tender documents may be obtained.

## Stepping up production

PLANS to step up production of insulating building blocks have been announced by Thermalite.

The company is spending £2m. on expansion of its Purfleet, Essex, plant and expects output to be increased by 75 per cent. by April 1978.

Production is expected to start at Thermalite's new factory at Thetford, Norfolk, in January.

## £35m. port expansion contract for Tarmac

TARMAC INTERNATIONAL, in joint venture with Shahin Engineering and Contracting Co. of Amman, Jordan, has been awarded a £35m. contract to expand port facilities at Aqaba, Jordan.

Deep water and sea-bed investigations have begun, and work will follow on the provision of four major shipping berths, additional lighter berthing, two roll-on/roll-off points, storage and transit sheds, cold storage houses, pavement and general storage areas.

So urgent is the need for additional accommodation to supplement the two berths at Aqaba that one of the conditions imposed by the Hashemite Kingdom of Jordan's Ministry of Transport, which placed the contract, is that two major berths must be handed over 18 months after the completion of the survey work. The rest of the project is to be completed eight months later.

The joint venture will be undertaking over 1m. cubic metres of on-shore reclamation prior to installing 2,000 steel piles each 150 feet long and with a total weight of over 15,000 tons. These piles will support half a mile of precast pre-tensioned and in situ concrete decking.

A great deal of construction and marine equipment will be exported from the U.K. and some will be purpose-built for the job. Consulting engineers are Jousz and Partners in collaboration with Parsons, Brown and Newton.

## Building a bank

COSTAIN CONSTRUCTION has been awarded a £1m. contract to build a branch bank in Wellington Road, Northampton, for Barclays Bank.

The two-storey building with basement strongroom giving a total floor area of 866 square metres, will be of reinforced concrete with part load-bearing brickwork. Cladding will be part slate and part handmade facing

## £10½m. road award

BALFOUR Beatty Construction (BICC group) in joint venture with Clugston Construction has been awarded a £10.6m. contract for the construction of the Southport southern bypass, part of the M180 South Number-side motorway.

The contract covers the construction of 14 km. of dual two and three lane motorway between Seaton Castle and Seaton, South Humberside, and includes 12 bridges and an interchange together with a realignment of nine side roads. Completion is planned for November 1978.

## Ahead of schedule

A MAJOR traffic bottleneck will be removed on Thursday when a nine-mile section of the M5 motorway, the "missing link" between Chelston in Somerset and Sampford Peverell, Devon, is opened one month ahead of schedule.

The new link will remove much of the congestion on the A38 near Wellington and ease traffic conditions on other roads and motorists will have a continuous motorway between Exeter, the Midlands and the north of England.

Only one further length of the M5 remains under construction — the Exeter section, between Sandy Gate and Peasemore Hill at the end of the motorway, and this is due to open next spring.

## Wallis gets £2½m. houses

GLC HAS awarded G. E. Wallis and Sons a contract worth just under £1.3m. for the construction of 78 dwellings, five shops and a clubroom at Hackney in a project to take about two years to complete.

Another project worth just under £1m. is for the London Borough of Islington and covers 64 dwellings and garaging at Aberdeen Park, Highbury. Architects here are Darbourne and Darke and the consulting engineers Zisman Bowyer and Partners.

## Supplies air at high pressure

FOR APPLICATIONS requiring high large capacity and consistently high pressures, an air compressor driven by a Rolls-Royce 205 bhp six cylinder diesel engine has been introduced by Consolidated Pneumatic Tool Company, Fraserburgh, Aberdeenshire (03463 3131).

Marketed as the 600-RO-2 HP, it has a full flow of 600 cfm at 150 psi. Typical applications include quarries, where faster penetration rates are being sought for down-the-hole hammers, pipeline flushing and shot blasting.

The unit is protected by a thermostat against excessive air temperature rise, and an automatic service discharge valve ensures correct operation of the plant for both starting and stopping.

# IT'S CALLED BUILDING UP THE NATION'S ECONOMY



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But let's put aesthetics aside for a moment and look at the other values of brick, particularly in the light of our uncertain national economy.

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Local labour is called on from excavating the raw materials to manufacturing the brick to working on a building site.

And as brick is so easy to work with, it's difficult to go wrong in design or construction.

It's surprisingly economical in-use, too. Even with labour costs added, brick rarely takes up more than about 6% of the total outlay on a house.

Once brick has been specified, other advantages soon start building up.

It has exceptional loadbearing capacity which makes it beneficial for interior and exterior construction alike.

It's an incombustible material, so it cannot contribute to the start or rapid spread of fire. Nor can it add fuel to make fire more intense.

Next, consider sound. By using brickwork as part of a solid, well-integrated, sealed structure, we go a long way to reaching acceptable noise levels. An immediate reduction in sound can be easily achieved.

Then there's the extra thermal capacity of heavy-weight brickwork, which will mean a lower range of temperature rise and fall compared to that of a lightweight structure.

Once a project is completed, brick needs hardly any maintenance. Time has no adverse effect on it. Brickwork even matures with age, gaining in warmth and character.

At the end of the day, you're left with a building that should last for centuries as a solid national asset.

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- Ryarrsh
- Scottish Brick
- Sevenoaks Bricks
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- Stonehenge Bricks
- Stoneware
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- Wm. Thomas
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- Yorkshire Brick

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MONDAY, OCTOBER 18, 1976

## Japan and the EEC

THE TALKS which open in London to-day between the CBI and its Japanese counterpart, Keidanren, represent a great deal more than a conventional exchange of views about topics of mutual interest. They come at a time when the imbalance in trade between Japan and the U.K., and between Japan and other members of the EEC, is causing considerable concern at Government as well as industry level. The Japanese team, which includes some of the country's most senior and influential industrialists, will be meeting tomorrow with the Prime Minister, the Chancellor and the Secretary for Trade. There is a growing view among Ministers and officials that, unless some action is taken to correct the imbalance, the pressure for "protection" of a more wide-ranging kind than the minor steps so far taken—will become almost irresistible.

**Efficiency**  
The fact that the Japanese are immensely efficient manufacturers and exporters is not something that can be wished away. As long as they retain their advantage in productivity, their share of world exports is likely to go on increasing. What they want and must do on the export side is to minimise the disruption that results from concentrating too much of their selling effort on a few sensitive sectors, such as passenger cars, TV sets and certain industrial products such as ball bearings. Most of these items are now subject to some form of voluntary export restraint which appears to be working reasonably well—although there are obvious risks in bilateral arrangements which simply have the effect of diverting Japanese exports into other markets. There are already signs of an ominous situation developing in steel, where the Americans fear that if the EEC countries persuade Japan to cut back shipments, their own market will be flooded with cheap imports.

The more fundamental problem concerns access to the Japanese market itself. Japan's imports of manufactured products are still abnormally low compared to those of most other industrial countries; they represent about 20 per cent of her total imports, compared with a figure for other industrial

## West Germany

Persuading Japan to adopt this course is not a matter for the U.K. alone. There is growing anxiety throughout the EEC and particularly in West Germany (whose trade deficit with Japan is comparable with that of the U.K.) over the regressive in Japanese exports, the speech by the president of August Thyssen at last week's international steel conference in Osaka was one example of this. It is in the interests of Japan as well as the EEC that measures to correct the trade imbalance should be agreed upon as soon as possible.

## Monetary growth out of control

THE CHIEF SECRETARY to the Treasury, Mr. Joel Barnett, told the House of Commons on Thursday that "interest rates at their present level will stay as they are until the money supply is on target with what the Chancellor suggested" in his statement of the 12 per cent aim on July 22. The statement for September, which exceeded the worst expectations, suggest that it will be quite a time before monetary growth is back on target and that Mr. Healey's own talk of "a few weeks" is yet another example of stalling far too much on over-optimistic and improbable expectations.

**Painless**  
We have reached this position not just because of technical mistakes but because the Chancellor or some of his advisers thought that monetary control could be a painless addition superimposed on existing policies without any fundamental change. Only a few weeks ago it was still hoped to reach the target without either a marked change in interest rates or an improvement in the fiscal balance. Such luck does not come in this world, especially for a Government which has set its face for so-called political reasons against the less expensive measures which could help to restore confidence among both overseas and domestic holders of funds.

Indeed, the growth of the nation's total cash and bank deposits has been so large as to make the usual minute statistical analysis out of place. Whatever basis of comparison is chosen, the impression is that of a vessel out of control. More accurately it is that of a ship lurching erratically and well off course to a destination imposed on the captain by someone else, and for which he does not possess the right navigational charts.

In September the most widely used and broader measure of the money supply (M3) rose by £1bn. after seasonal adjustments of 2.4 per cent. It does not help to take a longer run of months. Nearly 9 per cent of the Chancellor's target has already been used up in the first six months of the financial year, leaving only 3 per cent for the six months up to next March.

**Alternative**  
Thus even though monetary expansion has probably been very much less in the banking month of October, owing to substantial sales of gilt edged a little earlier on, there is very little room to spare in the remainder of the financial year. It was looked as if the two-point rise in M3 and the fresh call for special deposits were an alarmed reaction to preliminary money supply indications and this has now been amply confirmed. In the present U.K.

Richard Johns examines the complex divisions within the Arab League.

## The quest for Arab unity

ARAB UNITY is an ideal cherished by most of the 100m. or so people bound by ties of common language, race and—for the most part—the religion of Islam. In political terms, however, it has been a chimera over the past 30 years during which the various member states of the Arab League have achieved their independence.

The disarray has never been greater than at the present time, when a summit of the 21-member organisation called to discuss the Lebanese crisis and scheduled for to-day has had to be postponed. It must still be a matter for speculation whether the restricted meeting at Riyadh, which this weekend brought together the main protagonists in the conflict and Lebanon's new titular president under Saudi-Kuwaiti auspices, can prepare the ground for a settlement and a general pan-Arab endorsement.

Not since the foundation of the Arab League in 1944 have the States been divided in such depths or complexity. The spectacle of disunity is even more remarkable when one recalls the solid unanimity shown at the summit conference at Rabat just two years ago. Then, backed by the power of the Arab oil weapon, the Palestinians appeared to have been launched towards self-determination by the collective decision to recognise the PLO as their sole representative and its right to establish an independent national authority on territory now occupied by Israel. Egypt and Syria, having both reached military disengagement agreements with Israel, continued to have good relations.

## Backs to the sea

Now the Palestinians are fighting with their backs to the sea against armour and guns of Syria—the country which, thanks to President Hafez al-Assad's bargaining over the renewal of the UN observer forces mandate on the Golan Heights, secured the Security Council debate on their national rights in January and was then considered as the guerrillas' foremost champion. Derrided as a traitor for concluding the second Egyptian-Israeli disengagement agreement in September of last year, President Sadat has made himself the guerrillas' most influential friend at present. In a wider sense, pitiful Lebanon has become a brutal playground where the indigenous conflict—like Spain in the 1930s—has become distorted by the intervention of outside powers. The Arab states have been pursuing there, mainly by proxy, their ideological differences, bilateral disputes and what they see as their national interests.

Although it was the second biggest donor after Kuwait to the mainstream of the guerrilla



Four protagonists in the Arab League (left to right): Col. Khedafi, President Sadat, President Assad and President Sarkis.

inter-play of forces, the fundamental issue at the heart of the Lebanese saga has been the Arab-Israeli dispute and the place of the Palestinians in the context of future settlement.

Certainly, it is a situation which only the Israelis can contemplate with satisfaction as they blockade ships supplying the Palestinian-Libya alliance in Lebanon, provide arms to the Right-wing Christian militias and create a new buffer zone against the guerrillas on their northern border. With their leadership divided, the Palestinian fighters are reeling under Syrian military pressure.

The Israelis point out that the Lebanese civil war has shown the total implausibility of the formal PLO objective—enshrined in its National Covenant of 1968—of establishing a "secular democratic" state covering the whole of historic Palestine. Whatever the practical impossibility of this absolutist Palestinian aim, the Israeli argument ignores the fact that the delicate confessional balance within Lebanon might have been maintained indefinitely if it had not been for the Palestinian presence.

More openly and predictably, Iraq and Libya have been funding, arming and sending plan a resumption of the Geneva peace conference—with a preliminary session to work out the agenda possibly before the end of the year and the expiry of President Ford's term of office. At the outset no progress can be made without a measure of Arab unity and in particular an Egyptian-Syrian understanding. Dr. Henry Kissinger has recently said that the next step while, beneath the confusing

the premier's meeting held under Saudi-Kuwaiti auspices at Riyadh in July to stop the war of words, glossed over the controversial disengagement pact and co-ordinated future policy was short-lived. Until this week-end repeated attempts to bring together President Assad and President Sadat have failed. Yet paradoxically, the long-term interests of Egypt and Syria are the same—both want the recovery of all territory occupied by Israel in 1967 and an honourable settlement.

Without doubt, this long-term objective has been behind the step-by-step policy pursued in Lebanon since the beginning of this year by President Assad.

basic demand, President Assad would acknowledge that the helping the Palestinians goal can only be achieved if the Palestinian leadership presented a paradox of President S position was shown by the one. Thus, the guerrilla movement has to be emasculated and some of the Iraqi arms brought under Syria's control. In this scheme, President Assad's one natural ally has been King Hussein of Jordan who, in spite of his acceptance of the Rabat decisions, has never renounced the hope of playing a part in negotiating the return of the occupied West Bank and even having some part in its future governance. At the same time, to maintain the military option without which there can probably be no

meaningful peace talks, Syria has embarked on its policy of co-ordination with Jordan to secure its southern flank, and plans to secure its western flank through the establishment of an amenable regime in Lebanon.

It is premature to write off as a puppet President Elias Sarkis, whom the Syrians successfully installed as a titular head of state last month. Indeed, this slightly enigmatic figure appeared to show a mind of his own at the talks which he held with Palestinian and President Assad's representatives just before the Syrian Army's last onslaught.

However, Mr. Sarkis's view of the Palestinian armed presence in Lebanon—that it should return to the refugee camps—is essentially the same as the Syrian attitude. Beyond this, President Assad has been able to count on a measure of moral (though publicly unstated) and financial support from Saudi Arabia and Kuwait. Egypt has consistently worked to thwart Syria's intervention in Lebanon since February. Not only has Cairo provided weapons but it has facilitated the shipment of Iraqi arms and men of whom no less than 3,000 to 4,000

## Torrent of abuse

Thus, a basis for rapprochement and agreement exists in accumulated bitterness but by the past years' reciprocal rent of abuse can be over whatever facade of unity achieved at the weekend summit held at Rabat on Saturday, the deep wound inflicted by Egypt's conduct of the second Sinai disengagement agreement and its chief-making in the Lebanon will not easily be cured. Broader words of reconciliation or Saudi-Kuwaiti grant which both Syria and, more desperately, Egypt want.

## MEN AND MATTERS

That is the question...



"He's a fine one to talk about declining standards in 'Rithmetic'!"

Why are Macbeth, Macduff, Richard III and even Hamlet taking issue with the chairman? And why did he then reply by asking 25 rhetorical questions? It's all bound up with industrial democracy, and an intriguing sequence of letters in a house journal.

Such publications tend to be dreary offerings, but the weekly magazine put out by the John Lewis Partnership, *The Gazette*, at least has a lively correspondence column. The John Lewis store group has some 23,000 staff who are all partners in the business, making it the country's largest single example of worker democracy.

Cynics within and without are almost bound to see signs of the "all-pull-together" facade creaking in these trying times: a current issue which has got many staff agitated is the prospect of New Year's day opening. True to the partnership ideals, *The Gazette* prints all manner of critical letters, and prompt management replies are also de rigueur.

Not that such replies appeal to "Macbeth", the iconoclastic pen name adopted by a writer late last month, who criticised a lot of partnership features including the "circular-tour, never-give-a-straight-answer management reply" to staff letters. Chairman Peter Lewis was immediately fairly scathing of Macbeth's approach, adopting a replying technique that in turn irritated Macbeth supporters, several of whom adopted Shakespearean aliases too.

Peter Lewis flailed a barrage of questions, asking to start with whether Macbeth really thought "this is the time to increase leisure and reduce working hours? Really? For the country as a whole? And so on. But the critical response to the

## The Galashiels deacon's plea

One of the oldest British manufacturing associations has decided to take direct action, circumventing the normal route of representation through Government, to try to have removed penal rates of import duty imposed by the U.S. The association is the Galashiels Manufacturers' Corporation, founded 200 years ago this year, and still representing the interests of the many Scottish manufacturers of woollen cloths congregated around the town in the Scottish Lowlands.

The U.S., once one of the best markets for British cloth, has created high tariff barriers on woollen cloth imports which can add as much as 50 per cent to the price of goods when landed making them too expensive except as luxury items.

Help in removing the barrier is now being sought from Anne Armstrong, the American Ambassador, who was sent a special message, appropriately enough from the bicentennial dinner held recently by the association. The association's oddly-titled deacon, C. Russell Sanderson, explains that the tariff on wool textiles—originally designed to protect the domestic wool textile industry in the U.S.—is now acting against the interest not only of potential suppliers in the U.K. but of American consumers as well.

American wool textile production has been severely reduced over the years with the result that clothing manufacturers cannot any longer obtain sufficient supplies in the U.S. and are virtually prevented from importing. The tariff as a result has ended up protecting not the U.S. wool industry but the man-made fibre industry which has replaced it. "Our loss is your loss: our gain could be your gain. Your mills are working to capacity but we cannot make what we can offer," Sanderson has told Mrs. Armstrong.

## Moving on

Will there be a change? The peripatetic ex-managing director of the Industrial Reorganisation Corporation and ex-senior Common Market official is due at the end of this month to become ex-senior partner of stockbrokers Panmure Gordon. Grieron has been with Panmure a mere two years; the Stock Exchange waived its

usual examination and apprenticeship rules to let him in, and while that fact may have irritated some of the SE's younger element, Grieron also managed to ruffle a few older feathers by apparently espousing new regulatory measures for the equity market. There has been speculation on where the 54-year-old Grieron is now headed. The answer, at the moment, seems to be to no single role to compare with his past senior jobs. "My other business and charitable activities will more than fill the void left by my ceasing to be a senior partner of Panmure Gordon," he says.

He is a director of GEC and is still associated with a small Swiss investment group called Société Financière Privée, in which Panmure has a stake. He plans to spend most of the rest of this year in the U.S., though in early November Grieron will be in Paris for the re-opening of the Comédie Française. He is chairman of the Brussels-based European Organisation for Cancer Treatment Research, the beneficiary of the opening gala night whose patrons will include the French President and Princess Alexandra.

Meanwhile at Panmure, Ian Cameron succeeds as senior partner, but the top executive task falls to John Lithby as managing partner and chairman of the executive committee, a role in which Grieron doubled till he decided to quit the Stock Exchange. Panmure should get a sense of the continuity of things this week: the firm is celebrating its centenary.

## Pouch ouch

How can you tell a kangaroo on the verge of a nervous breakdown? Nothing makes him jump.

Observer



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## FINANCIAL TIMES SURVEY

Monday October 18 1976

## West Germany

Since the second world war West Germans have achieved an enviable economic prosperity. But the response of other countries to advocacy of their form of social market capitalism has been less than enthusiastic, and many Germans feel they are in danger of being isolated by their own success.

## Fighting the burning side

Nicholas Colchester  
Main Correspondent

THE CHARACTER and outcome of the West German general election reflected a country in which the achievable now seems as the preservation of what has already been achieved. No exhilarating or lightening trends were under way towards greater wealth, towards "reform" towards a new relationship with the world, for example. Chancellor Schmidt was narrowly re-elected to keep Germany the way it is.

In a very business-orientated country this defensive attitude has been chiefly caused by the pace of a protracted slowdown in the pace of economic growth. This has resulted in uncertainty over the last 25 years has con-

about jobs and in visible strain on the social security system. Added to these economic fears there is a nagging feeling that in merely remaining what it has become Germany risks becoming both envious and isolated internationally.

It is a phenomenon akin to that of the "Ugly American" in the fifties. Germans are still surprisingly sensitive about what the rest of the world thinks about them. They have been disturbed this year by increasing talk of the "Eisliche Deutsche" — the "Ugly German" who always thinks he knows best. Like his American predecessor, the German is really only advocating a system of values that he has found to work — but the advocacy is however, poorly received.

Bonn now knows that Germany did its relationship with the Third World no good at all by preaching free market principles in May at the raw materials conference in Nairobi. Helmut Schmidt won no friends in Europe by roundly and soundly criticising the Government of Italy in April. His Finance Minister, Hans Apel, observed in anguish at the time: "The problem is that the Germans are simply too good. The permanent good example makes the others ill."

Germany is finding that it has more in common with the U.S. than with its European neighbours. This is a disturbing feeling for a country which the currency movements this year are a reminder of what

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violated itself that its new destiny a remnant this has become. A lies within a united Europe. zone of stability is forming that Italy still appears to be on the cuts across Common Market brink of "Euro-Communism." borders. It consists of Austria, France, has always been Switzerland, Germany, the snake dirigiste—and now threatens to members and associate members become Left-wing dirigiste. In- and North America. Other impoverished Britain presents a European economies are drift- said and misguided spectacle to ing away and must be bolstered Germany's bright economic eyes. Only in a few smaller them preserve contact.

Increasingly Bonn and Wash- ington find themselves bearing the brunt of providing adequate defence for this incohesive Europe. Bonn fears that it will become a sort of broker be- tween the U.S. and a Europe in which the political will, or the economic ability, to provide a credible front line against the Warsaw Pact is evaporating.

Already Britain is hard- pressed to meet the mounting D-mark costs of the Rhine Army and is asking Germany for help. Only last week France withdrew 10,000 troops from Germany under a curious umbrella of silence. Chancellor Schmidt has said that he hopes to force the pace in the Vienna talks on mutual balanced force reduction. He has ample reason to try.

So far, this article has had a Germanic ring to it. It is a catalogue of worry for a people who must, in the eyes of the rest of the world, have far less to worry about than anybody else. In terms of the even distribution of prosperity Germany is matched only by Sweden and Switzerland. The average Ger- man blue collar household now has a net income, including social receipts, of DM27,000

a year (£8,500 after tax at cur- rent exchange rates, probably \$4,500-£5,000 in terms of pur- chasing power). For this the German works not so much hard as effectively. It is a fallacy that he is con- genitally incapable of doing any- thing but work. Germans take most seven working weeks a year—than anybody else in the world. And not only do they get paid while on holiday—they get extra pay as well. Their dis-posable income has now reached such a height that this year there was a fall in German pack- age tour bookings to hotels on Europe's southern shores. Pack- age tours? Europe? Germans now prefer to be independent and go further afield.

German wealth has been pro- tected so far in this turbulent

there is evidence that the Ger- mans, whose capital wealth was obliterated between 1925 and 1945 by inflation and war, have now refashioned their nests. A recent study by the Dresdner Bank gave the blue collar work- er average assets of DM34,000 (£8,500). Of this, DM22,000 was in property net of mortgages (40 per cent. of all German households now have property, according to this study), DM8,500 in a savings bank and DM3,500 in a building society.

It is clear that the defence of what has been achieved is itself no mean aim. What is dwindling is the expectation that the progress that has brought Germany this far will continue unabated. Capital investment has been stagnant over the first six years of this decade. The unions have the growing suspi- cion that investment in the traditional German industrial sectors is aimed more at "rationalising" away the need for expensive German labour than at expanding output.

Unemployment is now 900,000 or 3.9 per cent. of the working population, and is falling—but there is increasing talk of a structural unemployment problem of between 600,000 and 800,000. The Government is planning a programme to in- crease labour mobility. Mean- while, as is explained later in this survey, there are clear signs that the Social/Liberal coalition will have to prune the cost of Germany's extensive social security system.

German wealth has been pro- tected so far in this turbulent

economic decade by German industry's extraordinary ability to swing the export hose to where the demand lies. A major part of the new import deficit that was created by the rise in oil and raw material prices was cancelled out at lightning speed by export drives to the supplier countries. During the recession in the industrialised world German exports were vir- tually pumped into the Comecon lands.

The fact remains that Germany pays for its raw material deficit and its tourism deficit with sur- pluses to the industrialised countries that are themselves already in raw material deficit. A glance at the distribution of German exports shows why. In the short term, Germany must prop up European economies with balance of payments problems.

It is being argued that in the medium term Germany will have to shift the emphasis away from industrial production and towards the "tertiary" service sector. Already the German leisure industry has taken off like a rocket and in every little town one finds opulent window displays of skiing and tennis equipment. If one had to choose the "go-go" company of the moment one might well cite Adidas, purveyor of gym shoes to the German people.

The rise in German incomes will also be checked by a further fall in the number of working hours that the average German performs. The exten- sion of paid holidays, which Continued on next page

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## WEST GERMANY II

The not-so-market economy . . . oligopoly and monopoly in German industry . . . the economic situation . . . the need for structural change in industry . . . foreign investment . . . trade with Eastern Europe . . . the imbalance and measures to correct it.

## MARKET FORCES

## A web of influence

"WE BUILD a framework of social responsibility and let the free market principle lead to wealth within it," a German Member of Parliament explained to the Financial Times the other day. Yet a foreign correspondent in Germany soon begins to wonder how free the market really is. In few other industrialised countries does he find the spider's web of industrial influence so thickly woven as in Germany. Everybody seems to own 50 per cent. of everybody else, and round the perimeter of the web sit the Federal Government, the local governments, and the big banks, with lines of influence radiating out from each of them.

This subjective impression has been confirmed by figures put out by the Government's Cartel Office in Berlin and more recently by the Monopolies Commission—a sort of standing advisory commission that keeps an eye on competition in the German economy. In a report published this summer the Commission found that in 24 out of 30 German industries the degree of concentration had increased markedly between 1960 and 1973.

It found that the proportion of German industrial turnover

accounted for by the top 100 companies had increased from one-fifth to one-quarter between 1972 and 1974. Within this "top 100" a levelling process was taking place, but at the same time its average size relative to the rest of industry was increasing. In terms of frequency, though not of size, other companies within the 100 emerged most often as holders of any single top-100 company's shares. Although the public remained the most important shareholders in this group of companies, the commission found that between 1972 and 1974 there had been a large increase in the number of majority holdings in smaller companies in the top 100 by bigger companies in the group—in other words, a decrease in

the number of independent units. Apart from the rather incestuous image of the top 100 club left by the commission, its researchers also found that the club's members had some 4,300 participations in smaller companies, including 739 companies in which two or more members were shareholders. A club member was the buyer in one out of two mergers recorded between 1972 and 1974. And big publicly-owned companies like VEB (energy) and RWE (electricity) were notably acquisitive.

At the end of its lengthy analysis of concentration in German industry the Commission asserted that the cartel authorities should not only block more mergers but should break

up a certain number of existing ties to establish "a minimum amount of competitiveness in important markets." The Commission was particularly critical of the large Government-controlled enterprises, and of the largest companies overall, claiming that "the sucking up of smaller companies on the edge of their areas of operations" had become for them "long term corporate strategy." It also criticised bank participations in industry saying that these distorted competition between the banks, generally without providing compensating long-term gains for the economy.

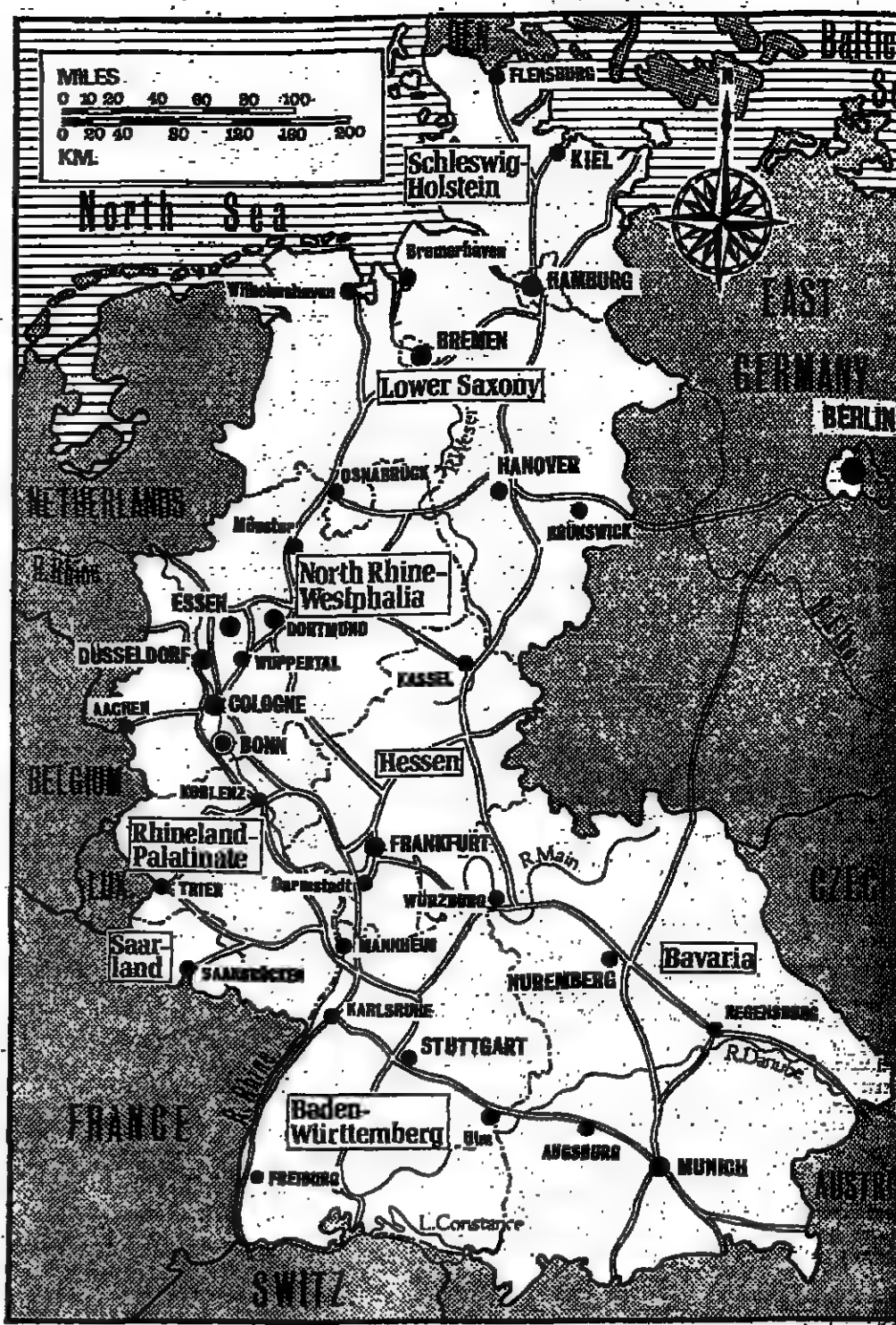
The Government has yet to react to the suggestions of the Commission—the election provided the Economics Ministry with useful breathing space. The

Economics Ministry is plainly conscious of the concentration process, but there are of course many reasons why it cannot mount an all-out attack against it. A time of unemployment and stagnant investment is a bad time to start dismembering industry, however strong the theoretical arguments for such a course may be. German wealth and German jobs are, moreover, more dependent on international competitiveness than ever before. Big companies export more than small companies (the Commission established that too), so from this point of view, the larger the better. It was precisely for reasons for international competitiveness that the Government set up the giant energy company VEB in the face of strong protest from the Monopolies Commission.

## Active

Although the story so far does not suggest it, West Germany already has one of the most independent and active cartel control set-ups in the world. The Cartel Office in Berlin pursues its task with a legalistic zeal that has made its officials the objects of intense suspicion and even hatred in German Boardrooms. There is a political check on its activities in the form of a right-of-veto on the part of the Economics Minister, but the main braking effect is applied by the legal jungle in which every single one of its decisions is fought out.

The Cartel Office has plenty to work on at the moment. The recession and the high labour costs of German industry have created an economic climate which has encouraged the use of economic power by some companies and attempts by others to escape the harsh reality of non-competitiveness by merging. Thus on the one hand the Cartel Office noted in 1975 the misuse of buying-power by big retail organisations in Germany which forced smaller suppliers to deliver at cut-throat prices. On the other hand, the number of mergers, like the number of bankruptcies, showed a sharp increase of 41 per cent. to 448.



## Turning tide

CONTINUED ON PREVIOUS PAGE

adds to labour costs, has gone as far as it can. The new trend is for unions to demand that companies hire workers rather than call overtime shifts. The result is a de facto shortening of working hours. The trend towards more spare time goes hand in hand with the rise of the service sector.

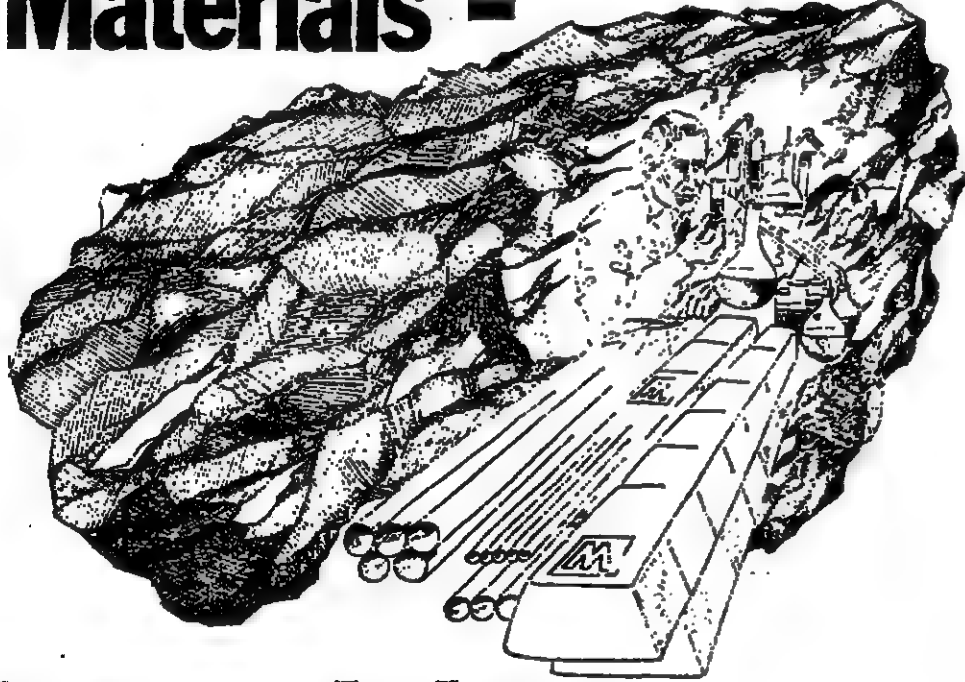
A slowdown in investment, a fear of structural unemployment, a trimming of the social security budget—the political Left might well make a case for more dirigism in German economic management. Last year there was a short-lived discussion of "investment

steering," but the political tide is moving in the wrong direction. Just as the conservative Christian Democrats were moved from power in 1969 because they were too attached to the laissez-faire of the economic miracle, so two weeks ago the coalition of Social Democrats and Free Democrats (SPD-FDP) had their knuckles rapped for their policies rooted in a time of assumed prosperity. The youthful "first-time vote" was balanced 50-50 between SPD and CDU, whereas in 1972 it had been split 60-40 in favour of the SPD led by Willy Brandt.

Shortly after the election Helmut Schmidt, a Social Democrat, said that "To the Left there is 0.8 per cent. of the vote and to the Right 56 per cent." Left to keep a dead-centre Chancellor in power. But although the tides for an ideological flare-up within the SPD is there, it is a fair bet that the job of hanging on to power will pre-occupy SPD MPs for the moment. "Continuity with concentration" was the coalition's watchword after Willy Brandt's political demise. "Self-preservation through consolidation" could well be its motto for the next four years.

Helmut Schmidt's sentiment might logically be expected to split a Social Democrat Party which has already suppressed its Left to keep a dead-centre Chancellor in power. But although the tides for an ideological flare-up within the SPD is there, it is a fair bet that the job of hanging on to power will pre-occupy SPD MPs for the moment. "Continuity with concentration" was the coalition's watchword after Willy Brandt's political demise. "Self-preservation through consolidation" could well be its motto for the next four years.

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Hundreds of thousands of Britons go and visit the Federal Republic of Germany every year. 1.2 million overnight stays were registered in 1975, 6% up on 1974. They are tourists and businessmen, exchange students and journalists, and some go to stay. Millions of Britons concern themselves with

## GERMANY TODAY

by learning German at school, by reading about Germany in the newspapers or by watching news and films about Germany on television. They have all formed some opinion about

## GERMANY TODAY

about its people and its prospects, about the German economy and the German education, about the Federal Chancellor, Herr Schmidt, and the leader of the opposition, Herr Kohl. Some may have wondered how Mitbestimmung (workers' participation) works, and why federalism is striking a healthy balance between a strong central authority and strong regional units. We think it would be interesting to learn more about the impressions of British observers. We therefore invite all British citizens who have something to say about

## GERMANY TODAY

and who would like to put pen to paper, to send us an essay of not more than 600 words before December 1st, 1976. The essay should be in English and may deal with any aspect of Germany today. An independent jury will judge the entries in two age groups (under 16 and over 16, so please state your age) and the two first prizes will be one week trips to see

## GERMANY TODAY

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# INDUSTRIAL FINANCE

## Strong D-mark a big asset

NEW LAW of economics seems to emerge from Germany's investment history: "revaluations" of the D-mark or "downwards" have the reverse effect of that intended. Despite the steady rise in value of the D-mark, the surplus has stubbornly advanced and exports have edged. But is the crunch just around the corner?

West Germany's industrial growth has been expressed away with the theory of the devastation wrought in the second world war had been easing in disguise. Industry, however, has started up with a clean slate, a plant force and the latest equipment was true 20 years ago of necessity the explanation for the Federal Republic's industrial strength to-day. Such assets are especially dangerous when they lead to the illusion that German industry is running down, growing more modern and its industrial infrastructure increasingly out-moded.

It is easy to see how such assumptions are made. First, a look at West German companies in need of re-equipment. The Sachs mechanical engineering concern, which was set to the West, Keen and defolids takeover bid, readily needs a very large amount of capital investment to modernise its plant. This is operation, however, is an apt example and by no means typical of industry as a whole.

Second, capital investment by industry has tailed off substantially in recent years after peaking in 1969 and 1970. Capital investment by industry totalled \$3.9bn. (\$5.6bn.) in 1975, nearly 2 per cent lower than in 1974. In real terms, rising prices, it by 5 per cent, after a 1974 rise of 8 per cent, compared with 1973.

Third, West German direct investment abroad—although still comparatively small by the standards of Britain and the United States—has been rising fast. At the end of 1974, the cumulative value of the Federal Republic's investment overseas since 1952, not including portfolio investment, totalled DM36.8bn. (\$9.34bn.).

Fourth, foreign investment in the Federal Republic, which stood at DM47.5bn. at the end of 1974, has tended to fall off. The Bundesbank believes that this has been the result of the rising value of the D-mark and a sharp increase in production costs within West Germany.

Added to all this have been the increasingly voiced complaints from West German industrialists about soaring production costs in the Federal Republic. Not only are wage costs high, but the Government's environmental protection measures impose a higher burden on manufacturing industry than any other industrial nation.

The decline in foreign direct investment and the heavy rise in West German production costs have been directly related to the rapid appreciation of the D-mark's value in comparison to the currencies of its competitor nations. In the past five years the dollar has declined from DM4 to around DM3.50.

However, far from depicting West Germany's trade surplus has stubbornly endured, and exports have gone from strength to strength. Admittedly, imports have increased substantially, but this is a reflection of the Federal Republic's increased purchasing power as well as the rising cost of oil imports.

Some observers ascribe West Germany's continued trading success to salesmanship and its reputation for delivering high quality products on time. Indeed, West German companies have reacted fast to changing world demand. Last year's export performance in the Middle East was a first class example of this.

Claims have also been made that industry's costing methods in the Federal Republic have been responsible for its goods remaining competitive. Concerns are said to use the home market to subsidise the export market, by covering total capital investment and development costs in its domestic prices.

There is, however, a limit to what the most brilliant salesmanship can do—even with the most prodigious of oil potentates. Good salesmanship cannot cover up old fashioned products and there are tight limits on the extent to which the domestic market can be used to subsidise exports.

A questionnaire published a few months ago by the German-British Trade Council makes interesting reading. British businessmen—who if economic orthodoxy is to be believed, should be gaining substantial advantages from the rapidly devaluing pound—were still facing serious price competition from domestic industry in the West German market.

In real terms, the matter boils down to the quality of capital investment rather than its quantity. There was after all very little sense in West German concerns investing large sums of money in increased production capacity when their existing plants were already heavily under-utilised.

Although the economy is showing strong recovery from last year's recession, manufacturing capacity in many sectors is still far from being fully taken up. The chemicals industry's production figures, for example, are greatly improved, but output is still far below 1974's record levels. The steel industry remains stuck firmly in the doldrums, while the motor

a growing proportion of its domestic investment has been channelled towards getting the most out of existing capacity and improving productivity, rather than building new production facilities.

Investment in extending production capacity peaked in early 1970 when some 55 per cent of capital investment was earmarked for this purpose. Since then it has tailed off dramatically. In 1972, according to IFO, Institut für Wirtschaftsforschung, one of the country's leading economic research institutes, spending on increased capacity accounted for about 39 per cent of total capital investment, while by the end of the first half of 1976 the proportion had dropped to just over 20 per cent.

At the same time, however, the proportionate spending on rationalisation measures has risen dramatically.

Rationalisation is, generally speaking, a far cheaper form of capital investment than the construction of completely new production capacity. Therefore, although capital investment spending has been on the decline and is expected to rise only slightly this year, West German industry is probably getting more for its money.

As it is, the rising production costs occasioned by a rapidly appreciating D-mark is forcing German industry to automate at what appears to be an increasing rate. British industry, on the other hand, under the twin pressures of high interest rates and unemployment, still lacks the funds to invest and, meanwhile, the value of sterling continues to decline.

There is, therefore, a strong case for arguing that the upward movement of the D-mark has been the salvation of West German industry. Without it, the pressure to rationalise would have been nowhere near so strong.

Guy Hawtin  
Frankfurt Correspondent

### THE DIRECT INVESTMENT OF GERMAN INDUSTRIAL SECTORS ABROAD

Total at the end of 1975 in billions of DM

Chemicals	8.0
Electrical	4.4
Banks, Insurance	3.9
Iron & Steel	3.3
Machinery making	3.1
Motor Industry	2.8
Oil	2.5
Property	1.4
Food & drink	1.1
Hotel industry	1.1

SOURCE: GLOBUS

## OSTHANDEL

### A huge imbalance

WEST GERMANY'S trade with communist countries is set to be some 12 per cent to \$7.5bn. this year, including personal trade with East Germany. This is below the 1 per cent rate of growth in 1975, but the imbalance in favour of the West is even more pronounced. In 1975, West Germany's trade with communist countries was valued at \$7.5bn. In the first months of the year, West German exports to the East totalled imports by DM3.5bn. compared with DM4.5bn. in the period last year. The 1 per cent growth in imports in Communist countries this year against an increase of 12 per cent in exports is the latest illustration of the imbalance.

While total indebtedness of Communist countries to the West is estimated at between \$4bn. and \$40bn., a quarter of this amount is owed to West Germany. This figure is not of line with West Germany's trade with Communist countries, but as leading West German proponents of Ostpolitik point out, it is still nothing enough.

The president of the German Chamber of Industry and Commerce Herr Otto Wolf von Herongen, who also heads the German Trade Board, noted that Soviet indebtedness alone, if continued at the previous rate, would rise from \$20bn. last year to DM100bn. at the end of 1980. This sum would be revised downward enough to balance trade for the

first time in years although the improvement for East Germany is not expected to continue quite as favourably to the end of the year.

With Eastern trade providing a significant part of West Germany's overall surplus on trade and making up 6.4 per cent of West Germany's total foreign trade last year—7.9 per cent of West German exports—certain sectors of West German industry such as engineering and machine tools are becoming increasingly reliant on orders from Communist countries.

But, Hoechst's Herr WILH. Hoerhens recently warned against temptations in the West to use trade as a means of exerting pressure on the East in political negotiations.

At Hoechst, he said, two-thirds of business done with the East is in goods off the production line while one-third is in capital goods exports. Herr Hoerhens noted that with the excess capacity in capital goods industries elsewhere, the East would have no problem finding alternative suppliers if the West Germans were to bank for political reasons. As for the Eastern purchases of running products, he suggested the Communist countries are prepared at any time, if politically necessary, to do without the goods and have their people "pull their belts a few notches tighter."

Leslie Collitt

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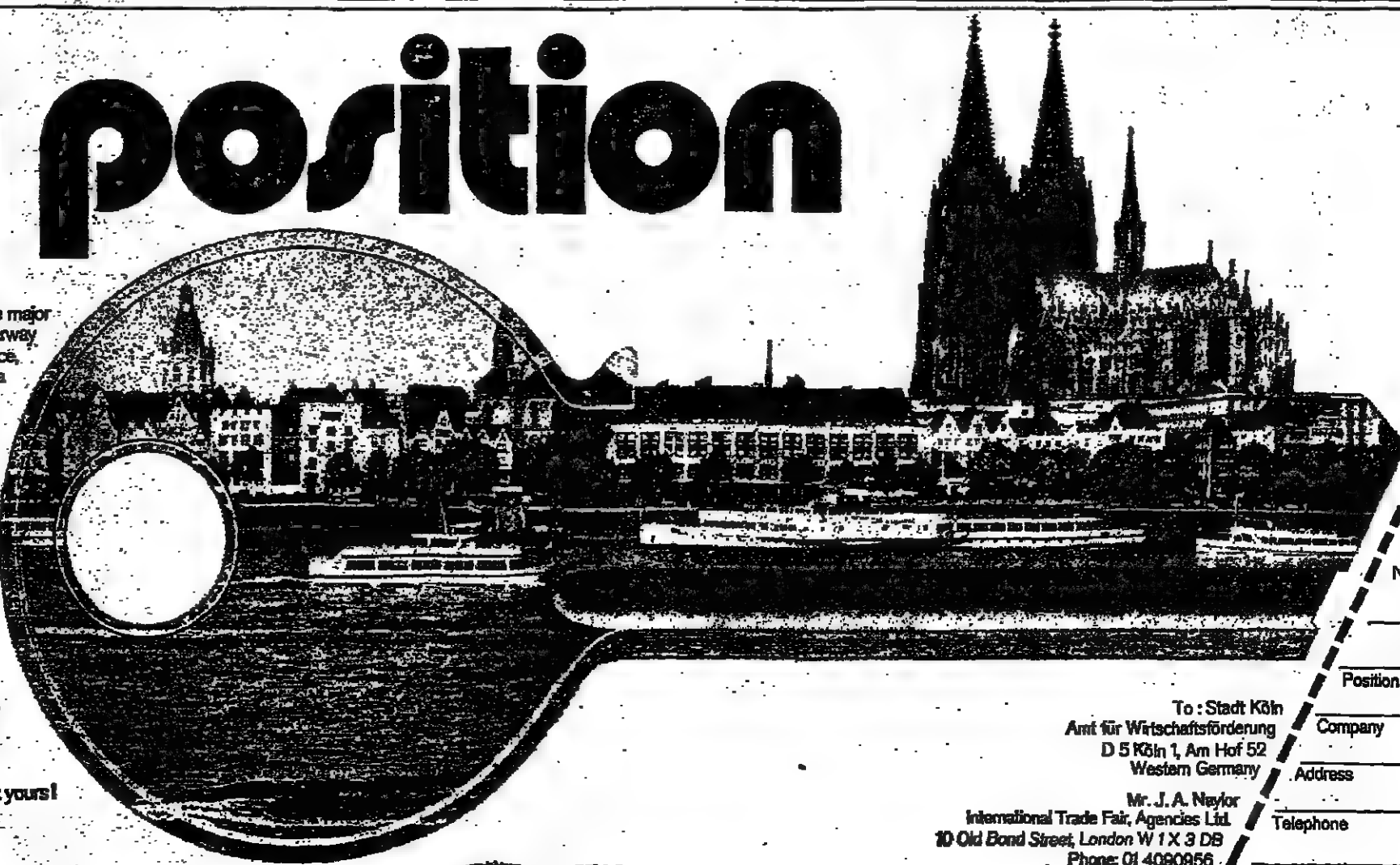
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## Organization of the Sparkassen, Landesbanken/Girozentralen in the Federal Republic of Germany



### Public Savings Banks

The German savings banks (Sparkassen) are legally and economically independent credit institutions. They are communal savings banks operated under public law. The business of a savings bank is directed by its managing board. Their tasks and activities are laid down in the articles, which allow the savings banks to do all usual banking business for their customers. Transactions for their own account are subject to some limitations to secure the deposits, e.g. savings banks are not allowed to acquire securities out of their own funds.

The savings banks offer all services of a modern banking institution. Their services are available to every private individual, every business enterprise and every local authority. The following are the most important forms of business transacted: the acceptance of all types of deposits, credit business of all kinds, encouragement of the acquisition of personal property, settlement of cashless payment transactions and all other types of banking services, e.g. transfers to payees in Germany and abroad, collection of debts, bills and receipts, execution of cheque transactions and issue of cheque cards, purchase and sale of foreign currency and travellers' payment media caring for the need of customers in the field of foreign trade transactions.

At the end of 1975 there existed in Western Germany 700 savings banks head offices with more than 16,000 branches.

### Savings Banks Associations

The savings banks of each federal state are united in regional Savings Banks Associations. The tasks of the regional Savings Banks Associations are, among other things, to represent the common interests of the savings banks; to offer information and advice to the members of the Associations in all matters of savings banking; to train staff members of the savings banks and to further their professional education; to examine the handling of business and the balance sheets of the member savings banks. At the head of the regional Savings Banks Associations is the Deutsche Sparkassen- und Giroverband in Bonn (German Savings Banks Association). It is the centralised representative of savings banks interests and corresponds to the savings banks associations on the regional level. It is the spokesman of the savings bank system in the public sphere and also to the Federal Government and parliament. Through its board and committees it influences the co-ordination of the savings banks and Landesbanken/Girozentralen, which are also its members.

### Landesbanken and Girozentralen

The 12 Landesbanken and Girozentralen in the Federal Republic of Germany are operating under public law, like the savings banks. The business is directed by a managing board and the general management is supervised by the board of administration.

The Landesbanken and Girozentralen are the central banks of the savings banks. They act as clearing houses for the savings banks' national cashless payments. They hold the liquid reserves of the savings banks within their area of activity and effect the regional balancing of funds among the savings banks. Moreover, the Landesbanken and Girozentralen transact all customary banking business, e.g. granting short, medium and long-term loans to industry, commerce, trade and public authorities; in many cases they provide loans jointly with the local savings banks.

The Landesbanken and Girozentralen are entitled to make issues. They issue mortgage and municipal bonds. In addition to security and stock exchange dealings the services provided by the Landesbanken and Girozentralen include

foreign business in all its fields. To an increasing extent the Landesbanken and Girozentralen participate in international money and capital transactions, and, in particular, in the business of international financing.

The Landesbanken and Girozentralen assist the savings banks in their foreign business, for which purpose the maintaining of relations with foreign banks is of particular importance. On the other hand, the extensive network of branches of the German savings banks organization is utilised by foreign banks through the Landesbanken and Girozentralen.

The standard DM travellers' cheques of the German savings banks organization issued by the Landesbanken and Girozentralen and the savings banks show as drawee, Deutsche Girozentralen-Deutsche Kommunalbank, Berlin and Frankfurt am Main.

### Building Societies

Along with the savings banks and the Landesbanken/Girozentralen there is a third group constituted by the 13 public building societies. These are institutions specialized in housing finance. Contractual savers with these building societies form their own capital which benefits in Germany from State premiums or tax relief. The building societies grant loans to their customers at favourable rates of interest with which to finance the building or purchase of their own home and land.

### Deposits and basic Capital Resources

In the Federal Republic there is a well-balanced structure of private commercial banks, co-operative banks and credit institutions operating under public law, with special and general functions. The biggest group among the credit institutions operating under public law is that of the savings banks (Sparkassen) and of the Landesbanken/Girozentralen. Every single deposit in these institutions is fully backed by a public guarantee. The guarantor for the savings banks is the respective local administration. The deposits of the Landesbanken/Girozentralen are guaranteed by their owners, who are usually the executive of the respective Lands of the Federal Republic and the respective savings banks.

The sources upon which the savings banks draw to set up their own capital is their net profit, after deduction of tax. The Landesbanken and Girozentralen draw their basic capital resources from the allocation of their profits to reserves and from the allocation of the guarantors, i.e. of the respective State Governments and of the regional Savings Banks Associations in those Lands of the Federal Republic. While the private banks are able to set up their own capital in different ways (issuing of new shares, participations) the savings banks are prohibited by law from doing so. The basic capital resources of the Landesbanken/Girozentralen and of the savings banks are modest in comparison with that of the private banks.

But this is not detrimental to their business transactions because the guarantee provided by the cities, communities and states have a net worth function which cover the liabilities of the Landesbanken/Girozentralen and savings banks.

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## WEST GERMANY IV

## FOREIGN AFFAIRS

West Germany as the reluctant leader of the European Community... what remains of Ostpolitik? ... the Third World balancing act... securing raw materials supplies... West Germany and NATO... defence philosophy and strength... the armed forces... the lure of weaponry... arms co-operation and arms embargoes.

## THE EEC

### An unwilling leader

DRAWING UP a balance sheet for the European Community for 1976 so far is in many ways a dispiriting exercise. As always, there are profound disagreements and disappointments and fears for the future. The Community has had to weather severe recession and its strains on members' economic policies, the shrinking of the joint currency "snake," and the threat of Communist participation in the government of a major member State. There is little enthusiasm even for cautious visions of the future such as that sketched by the Belgian Prime Minister, M. Leo Tindemans, and not much more for the prospect of further enlarging the Community.

Yet 1976 has not been barren of progress, and for that the Community's largest and economically soundest member, West Germany, can take a good deal of the credit. It was the West German Chancellor, Herr Helmut Schmidt, and his Foreign Minister and coalition partner, Herr Hans-Dietrich Genscher, who provided steady pressure in the direction of agreement on the direct election of a European Parliament in May, 1978, firmly aiming at the goal of an extension of democracy and relegating to second place the essentially technical quarrels over distribution of seats and electoral machinery.

Further, the gradual improvement of the international economic situation, in which West Germany's own consumer-led recovery has been an important moving factor, has been achieved without a major breach of Community free trade rules, with the exception of Italy's import deposit scheme, which is being phased out. Herr Schmidt has gone out of his way to make plain that Britain will receive much more sympathetic treatment from its fellow Community members if import controls and the other trappings of a "siege economy" are firmly rejected.

Although West Germany accepts the fact that it is to a growing extent the economic locomotive of the Nine, there is still profound unease over the idea that this should somehow give it the right to act as the Community's leader. Unease, that is, in some quarters. Herr Schmidt himself has shown no hesitancy in asserting Bonn's claim to speak out. He angered and embarrassed Italy and France by warning against the security implications of popular front governments sharing in Nato deliberations. Last July he caused even wider ripples by revealing that the Puerto Rico summit of world economic powers had agreed that Italy would receive no further economic aid unless the Communist Party remained excluded from the Government.

These comments rebounded on the German Chancellor at home as well as in furious retorts from Rome and Paris. Herr Schmidt was accused by the Christian Democrats in Germany of being "schoolmasterish," and of reviving in other countries the bullying image of the "ugly German."

Although Herr Schmidt was probably more affected by this storm of criticism than he cared to admit publicly, there seems little doubt that he meant—announced that he would run for election to the European Parliament. But the CDU has not neglected the matter either. Its leader, Herr Helmut Kohl, reached its goal... the has made a determined effort to strengthen the international ally expanding all over links between Christian democratic and conservative parties to mirror the European states on to common to thereby paving the way share a degree of consensus over European policy probably unrivalled in any of the other larger members of the Nine. That is as much as anything, a reflection of the realities of Europe: it cannot be unscrambled. The high degree of dependence of German industry on exports is partly a result of the Community's existence: during the first six months of this year, when West German exports to all destinations rose by 13 per cent, those to the rest of the Community rose by no less than 22 per cent. In spite of the weakness of several other member states' economies and of the remorseless upward float of the Deutschmark.

But the strength of the West German commitment to Europe is that it looks beyond the trade. Willy Brandt, the SPD Chairman and former Chancellor, objective of a far wider political

was the first major politician in any member country to announce that he would run for election to the European Parliament. But the CDU has not neglected the matter either. Its leader, Herr Helmut Kohl, reached its goal... the has made a determined effort to strengthen the international ally expanding all over links between Christian democratic and conservative parties to mirror the European states on to common to thereby paving the way share a degree of consensus over European policy probably unrivalled in any of the other larger members of the Nine. That is as much as anything, a reflection of the realities of Europe: it cannot be unscrambled. The high degree of dependence of German industry on exports is partly a result of the Community's existence: during the first six months of this year, when West German exports to all destinations rose by 13 per cent, those to the rest of the Community rose by no less than 22 per cent. In spite of the weakness of several other member states' economies and of the remorseless upward float of the Deutschmark.

But the strength of the West German commitment to Europe is that it looks beyond the trade. Willy Brandt, the SPD Chairman and former Chancellor, objective of a far wider political

Tha essentially, was vision M. Tindemans set his fellow heads of government originally at their request. It is a vision West Germany would live by. It is sometimes apologetic that its partner not share this enthusiasm the full, and perplexed the heavyweight among the castigated for appearing a little too hard in the direction.

Adrian D.

## OSTPOLITIK

### A new pragmatism

OSTPOLITIK, WHICH won a general election for Herr Willy Brandt four years ago, has become a part of the West German political, economic and emotional landscape. It is hard to imagine now that a serious argument could take place over whether or not it is a good thing for the West Germans to have made up the quarrels of the past with the countries of Eastern Europe. In economic terms alone, the process has gone much too far to turn the clock back. On the eve of the 1978 election, Herr Helmut Schmidt's remark, in a television debate, that some 600 companies and 400,000 West German workers now owe their living exclusively to trade with the Soviet Union caused no comment whatever.

If anything, Chancellor Schmidt was probably under stating the position. In 1975, trade with the east accounted for almost the whole of the West German trade surplus, and in recent months there has been an increasing amount of concern about the political consequences that might follow such a high degree of dependence on the Soviet Union and its allies, as customers. There has also been concern at the rising debt of

the Comecon countries. Of a total debt to the west of about DM30bn, according to the Bundesbank, West Germany is owed as much as DM20bn.

Campaign

Some of these issues were touched on in the recent election campaign, with the Christian Democrat leader, Herr Helmut Kohl, making the general charge against the coalition Government that it had not been tough enough with the Communist countries at the negotiating table. The benefits of détente, the CDU argued, had been one-sided in favour of the East.

The brand of Ostpolitik followed by Herr Schmidt and his Foreign Minister and coalition partner, Herr Hans-Dietrich Genscher, has substituted a down-to-earth pragmatism for the visionary style of Herr Brandt. They have sought, above all, to obtain practical concessions from the East European countries in exchange either for reciprocal concessions or in some cases hard cash.

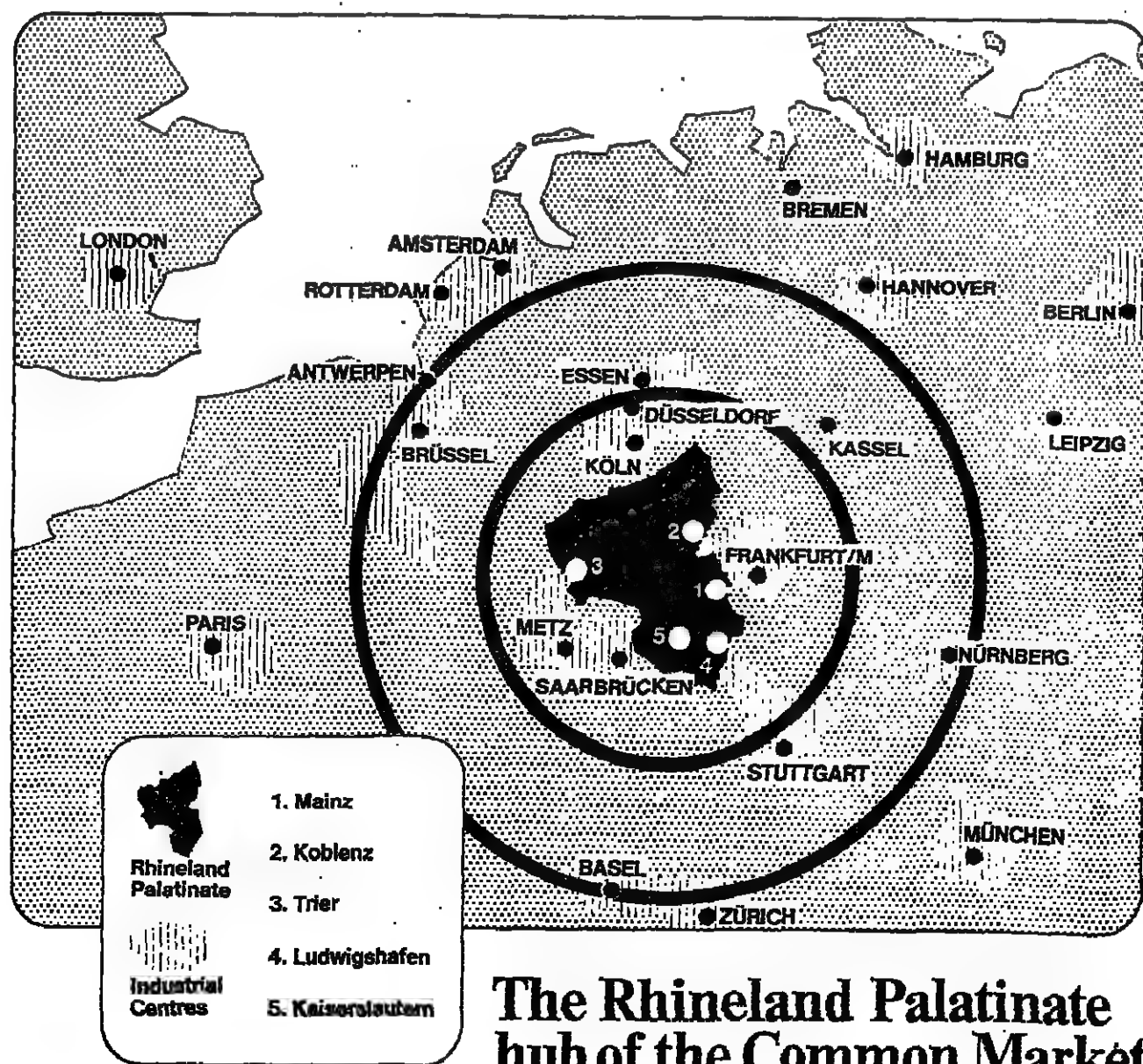
The overriding concern has been to try to make life easier for West Berlin. It is now five years since the four-point agreement over the city signed, with which a new putting an end to cold war tensions, was supposed to have begun. There was as a result a relaxation of a number of important practical impediments: West Berliners can easily visit the eastern sector and the surrounding German countryside to visit friends and relatives; and they have availed themselves of this on a large scale. East German pensioners may also now visit the Federal Republic. In addition, the GDR has pledged to ease conditions through traffic to West Berlin although it has not entirely given up harassment of West Berliners who see as political provocateurs visitors, such as 13 busloads of young CDU supporters refused permission to cross the GDR border last summer.

Yet a host of other problems varying from the ambitious plan to buy Soviet power West Germany via West Berlin to negotiating new inter-sector crossing points, have run long delays or been shelved after months of fruitless east-west discussion. The last time there have been a host of pin-point

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# FOREIGN AFFAIRS

## THE THIRD WORLD

### Keeping a balance

COMPARED TO the more pressing concerns of relations with the rest of the European Community and with the Communist states, the developing world must very recently come a third in West German foreign policy. The Federal Republic tried during the 1950s to extend the Hall-Dachau doctrine, with varying success, and it became an increasingly important factor in bilateral and multilateral aid (through the Government's embassies, the CD-agreed target of governmental aid of 0.7 per cent of national product has not been met).

Despite accusations from developing countries that it did not afford to pay more in aid, it sought to involve itself more in Third World affairs. Bonn many years ago, not least the same degree of concern as such former colonial powers as Britain, France or the Netherlands.

All that has now changed. First, the oil crisis in 1973-74 brought home to West Germany the uncomfortable fact that it is a country dependent to a high degree on imported energy and, indeed, on imported raw materials of all kinds. Secondly, it has become apparent to Bonn that as the leading economic power in Europe, and the third largest economic power in the world after the U.S. and Japan, it could no longer escape the responsibilities of its position on the political level.

As a result, this autumn sees West Germany taking its seat in the UN Security Council for the first time, and making with its proposals for an international agreement on terrorism, cases involving hostages, its first major initiative in the General Assembly. Nonetheless, the suspicion

diets hard in the Third World that West Germany remains in diplomatic terms a stalking horse for the U.S. An important case in point was the May meeting in Nairobi of the UN Conference on Trade and Development (UNCTAD IV), during which the West Germans, somewhat to their own astonishment, found themselves accused of sticking to an unreasonably hard line and, as a result, pushed uncomfortably close to diplomatic isolation.

#### Dialogue

During the course of the dialogue between the industrialised Northern Hemisphere and the developing Southern Hemisphere, Bonn has naturally taken as its highest priority the need to secure its own sources of raw materials supplies. Next, it has often stressed the desirability of reaching a common position with

DEPENDENCE ON IMPORTED RAW MATERIALS				
Material	Proportion Imported %	Main suppliers %		
Bauxite	100	Australia (59)	Yugoslavia (13)	
Copper	100	New Guinea (47)	Chile (19)	Canada (16)
Iron ore	95	Brazil (23)	Sweden (23)	Liberia (18)
Tin	100	Bolivia (24)	Malaysia (24)	Indonesia (22)
Titanium	100	Norway (67)	Canada (27)	
Chrome	100	South Africa (52)	USSR (30)	Turkey (13)
Lead	85	Ireland (28)	Peru (19)	Sweden (18)
Zinc	70	Canada (48)	Sweden (14)	Peru (12)
Manganese	100	S. Africa (46)	Gabon (25)	Australia (18)
Phosphate	100	U.S. (50)	USSR (30)	Morocco (12)

its allies, meaning both the Nine as a whole and the U.S. But a third element in German thinking, and as it turned out, the one that came out on top in Nairobi, is the need to stand by economic good sense, as this is understood by a country whose wealth is based on a free market economy.

Although the Germans accept the gravity of the problem of Third World poverty, they remain profoundly dubious about the wisdom of the proposed solutions. Herr Hans Friderichs, the Economics Minister, eventually agreed under great pressure from his Common Market partners the need to let UNCTAD IV end in failure, and so he accepted the decision to discuss setting up a common fund for financing the buffer stocks for 18 key raw materials deemed to be the most important in world trade, as well as to examine the suitability of price schemes for some of these materials on a case by case basis.

Herr Friderichs and his advisers also feel strongly that the type of regulated price arrangements that the Manila declaration seeks would in practice benefit no-one more than the developed countries which are also raw materials exporters. The table indicates how far West German imports of ten key minerals are dependent not on the developing countries but on the rich ones. It is vexatious to West German officials that these economic arguments, which they sincerely believe to be crucial to the economic future of the Third World, have frequently failed to attract much interest from anyone besides the Americans. No matter how often Bonn insists that it is thinking of the Third World's interests in the "new economic order," rather than trying to be stingy, it still has to convince the Third World countries themselves.

## WEAPONS

### Matters of principle

WEST GERMANY is second only to the U.S. in the amount it contributes to the defence of the free world. Yet because of a remarkable act of self-restraint it is a low sixth in the international league of weapon system exporters. In 1974 West German arms exports were \$100m, in comparison with France's \$3bn, and America's \$8.3bn.

Successive West German governments have applied an arms export code that effectively prevents the sale of German weaponry to countries other than Nato partners, and Australia, New Zealand, Japan, Switzerland and Sweden. This code has been one of increasing self-denial.

West German industry is clearly capable of building good weapons and as the German armed forces rank among some of the best equipped in the world it has become increasingly tantalising for their suppliers not to be able to sell their products abroad. In addition, world demand for arms has grown extraordinarily in the seventies, providing enticing alternative business for parts of the German engineering industry during a period of slower growth and recession.

Despite a number of painful refusals to deliver—among them a huge potential tank deal with Iran and a contract for

personnel carriers for Saudi Arabia—the governing Social-Liberal coalition under Helmut Schmidt has so far refused to bow to requests that it should selectively extend the list of acceptable arms customers. The Chancellor sticks to the theory that a country like Germany with a small arms industry should avoid the irreversible step of expanding that industry by allowing it to sell to world markets.

Such an approach makes the weapons that Germany develops and builds just for itself very expensive, so it has been an eager participant in multi-country weapons projects. These projects bring with them a certain degree of "moral relaxation," to be sure, because Germany's partners do not apply the same criteria to overseas arms sales as does Germany. The advantage is obvious—costs are greatly reduced and a valuable measure of NATO weapon standardisation is achieved in the process.

For more than a year Germany has been striving to arrange joint production deals with the U.S. The first hope of success was obtained with the Franco-German Roland anti-aircraft missile which the U.S. armed forces agreed to adapt to their own requirements and mount on their own armoured vehicles. Meanwhile the two govern-

ments conceived a plan to merge the results of their main battle tank development projects, and try to come up with a common tank for the 1980s. Since the early summer these good intentions have melted away. By June it had become clear that the Americans would choose their own tank whatever happened in the joint tests. The Germans lowered their sights and got the U.S. to agree to standardise tank components. This plan, too, now appears to be on the rocks.

Even the Roland deal with the U.S. now seems to be foundering. It appears that the technical difficulties and costs of Americanising the system have turned out to be prohibitive, and that the Roland is in any case not exactly what the U.S. forces need. National choosiness and national pride and employment considerations have had their impact in these cases. It is a disillusioning tale and an expensive one. For instance, the total number of tanks in question is about 10,000 costing some \$10bn, and the economies of scale of building this number of a single type of tank are now being thrown away.

And equally, as the German flow of orders begins to dwindle, they will look covetously at the U.S. which will by then be selling its new tanks all over the world, while Germany sticks to its principles.

## DEFENCE

### European king-pin

WEST GERMANY has evolved in a front line country into a king-pin of European defence. Defence expenditure in 1975 last year compared with France's \$12.25bn, and Italy's \$10.38bn. In the four years between 1970 and 1974 Germany's defence spending rose 25 per cent in real terms, at the same period Britain's spending went up 14 per cent, France's held steady, and U.S. defence expenditure actually fell 15 per cent.

Germany's rise within Nato reflected in the changing content of the bi-annual German White Paper on defence. This developed from a catalogue of Germany's contribution to an alliance, into a tract that seeks to justify that alliance and to play their part in it. The threat that West Germany faces is well summarised in a recent survey published by the Institute of Strategic Studies: "The Warsaw Pact has combat manpower and tanks, though these have less strategic backing, than Nato nations. It has also tended to build somewhat simpler equipment but to deploy more it, basing tactics on the use of massed armour on a narrow front, so as to achieve a decisive breakthrough before Nato can mobilise potentially greater resources."

West Germany has 1,700 km. border with the Warsaw Pact countries and any part of it, it is that "narrow front." The White Paper explains: "The industrial structure of our country and the extremely unbalanced ratio between its 10-to-south and east-to-west regions do not admit of any

loss of territory. About 30 per cent of the population and 25 per cent of the industrial capacity are located in a 100km. wide zone west of the border. Deterrence is therefore for the most important means of defence. The second is 'forward defence'—the deployment of forces right along the frontier, rather than concentrating them further back and sending them where they are needed, when an attack comes.

#### Threat

The White Paper claims that the Warsaw Pact countries have 19,000 tanks that are in a position to be a threat to Western Europe, while NATO forces have only 4,100 facing them. If French forces are included, the available NATO tank strength increases to 7,300. Comparisons of manpower and other weaponry show up similar disparities. So, to achieve deterrence, the German Government is now fairly blunt about its readiness to resort to tactical nuclear weapons if the situation demands it. It calls its willingness to resort to use of nuclear weapons "gapless deterrence"—deterrence in which incalculability can be sustained.

At the same time the German Government is anxious that NATO's conventional strength be maintained in order that the defence umbrella offered by the U.S. remains in place. The European Allies cannot expect the U.S. to compensate for inadequate European conventional contributions by setting the nuclear threshold at too low a level and thus incurring an unacceptable nuclear risk for

itself," the White Paper explains. West Germany's contribution to Europe's conventional strength consists of an army of 345,000—including 177,000 conscripts—a navy of 39,000 and an air force of 111,000. The army is being restructured to make its units more flexible and more self-sufficient—in deference to the increased firepower of the modern tank, the size of tank battalions within the brigades is being reduced. At the end of this process the army will have 16 armoured brigades, 17 armoured infantry brigades, and three airborne brigades.

Germany contributes one-third of NATO's European air strength. In the event of war it would put 24 squadrons flying Phantom reconnaissance, Phantom interceptor, Starfighters and Fiat 91 G battle field support aircraft under NATO command. The Starfighter and Fiat aircraft will soon be replaced by the multi-role combat aircraft (MRCA) and the Alpha jet. The overriding role of the airforce is tactical rather than strategic, providing forward air defence for the immediate containment of any Warsaw Pact push.

The German navy is small but important because of its position on Germany's rather vulnerable northern flank. Its key task is to bottle up Soviet forces in the Baltic by holding the Baltic approaches, and at the same time to prevent the Warsaw Pact countries making an amphibious assault on the Northern coast of Germany or Denmark. It must also play a part in securing the North Sea.

N.C.

## OSTPOLITIK

CONTINUED FROM PREVIOUS PAGE

idents involving both Berlin and the border between the two German States themselves, with others coming to a head in August this year, when several people were shot and killed by German border guards in a series of incidents along the frontier.

Central to West German thinking is the assumption that the Soviet Union and its eastern neighbour in East Berlin, Mr. Pyotr Abrasimov, is orchestrating East German behaviour towards West Berlin and West Germany. It follows, therefore, that Bonn does not expect lasting improvements in relations unless Moscow gives a nod. In spite of the disappointment in West Germany of many of the aspects of the truce-power agreements, and the new spirit intended to be given to east-west relations by the 1975 Helsinki declaration, there have been signs that a new round of diplomacy with the Russians will soon begin, and Bonn exchanged lengthy public declarations on future co-operation earlier this year, and Mr. Brezhnev did his part for Herr Schmidt's reaction by announcing that he could pay a visit to Bonn soon after the Government took office in its new term. He is expected to arrive in 1977. As for the border incidents of last summer, he West German Government believes that Mr. Brezhnev responded quickly once he realised the gravity of what had occurred. He was made aware by Herr Schmidt personally of the view that the Soviet

leader's absence from Moscow on holiday had put delicate decisions into the clumsy hands of Soviet—and East German—hard-liners.

#### Restraint

In return for Herr Schmidt's restraint, compared to what the Kremlin undoubtedly sees as the more aggressive attitude of the CDU leaders, there have been one or two, admittedly oblique, hints of a more co-operative attitude on Mr. Brezhnev's part. The USSR is believed to be willing to support the West German initiative at the United Nations on terrorism. In addition, there are rising hopes in Bonn that this autumn may finally see meaningful progress in the stalled Vienna negotiations on mutual and balanced force reductions in Central Europe.

As always, observers in West Germany are divided in their interpretation of Soviet intentions, and there are many who fear that the increasingly important trade connections may ultimately turn out to be a trap for West Germany. The less conspiratorial view is, however, that Moscow's continuing economic weaknesses are putting some pressure on it to be more amenable on the political level. An added reason for hoping that a fresh era of thaw may be ahead lies in the timing of next summer's Belgrade conference, which is due to review the practical consequences of the Helsinki declaration. It is felt that the view that the Soviet

and East Berlin will not wish to make themselves a sitting target for a fresh round of Western attacks on détente, and may thus now be ready to negotiate on serious points of disagreement.

Last week Herr Schmidt announced in Berlin that he stands ready to push forward with the wide range of negotiations with the GDR that remain unfinished since the basic treaty between the two German States was signed five years ago. The Chancellor added that he expected progress during the talks with Mr. Brezhnev.

So far, however, the most tangible achievement of Herr Schmidt's Ostpolitik has been the Polish agreements signed last March after a Parliamentary cliff-hanger in Bonn. These provide for West Germany to pay out some DM1.3bn. in pension claims arising from the last war, and to make available DM1bn. in concessional credit. Since the agreements were signed, the Polish party leader, Mr. Edward Gierek, has paid a successful visit to West Germany, which included signature of long-term industrial agreements worth some DM2.5bn.

For their part the Poles have agreed to grant exit visas to some 125,000 ethnic Germans and to consider favourably the applications of a further 150,000 to leave. By the end of September, about 18,000 of these people had arrived in West Germany.

A.D.

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## TRADES UNIONS

### Working together

WHEN Herr Helmut Schmidt's Social Democratic Party slapped last-minute election posters all over West Germany last month appealing to people to "vote for peace," its aim was not only to score points in foreign policy but to claim credit for the maintenance of the country's enviable record of harmony on the industrial front.

The Government's satisfaction stemmed from a round of wage settlements in the major industries earlier this year that fell within a few points of the 5.5 per cent target set out by the Economics Ministry at the beginning of this year. Although the full effects of these settlements have yet to percolate through the economy, a study by the Berlin-based German Institute for Economic Research last summer indicated that average earnings—taking account of longer hours worked—increased by only 6.2 per cent during the first quarter of this year and by 6.5 per cent during the second. There was a 5.5 per cent decline in unit wage costs, thanks to increases in productivity.

At the same time, official figures showed only 0.4 work-days per thousand workers lost through strikes during the first quarter of 1976, compared to 7 for Belgium, 38 for Britain and 51 for France. These figures may look less good for the second quarter, as a result of the printers' strike in May.

No less impressive than these figures is the institutional

framework of relations between Government, trade unions and industry that makes them possible. At its centre are the regular "concerted action" meetings, held three or four times a year, in which the two sides of industry come together, under the chairmanship of the Economics Minister, to exchange views about the evolution and needs of the economy.

Although the concerted action meetings are held in order to exchange views rather than to take decisions, the force of the consensus which emerges from them is extremely strong. Backed up, no doubt, by a good deal of informal lobbying of both sides of industry by Ministers, the 1976 round of wage negotiations took place on the foundation of assumptions about the economy that were broadly shared by the unions and the employers' federations. These were—and remain—that wages should not increase faster than real Gross National Product, and that only through higher corporate profits ploughed back into new industrial investment could a

serious long-term approach be made to reducing unemployment from the present 900,000 level.

The remarkable uniformity of the major 1976 settlements, reached against this background, nonetheless followed difficult negotiations in some industries and in some regions—for West German wage bargaining usually takes place between nationally organised unions and employers' federations that are organised on State or regional levels. The country's largest union, IG-Metall, which represents, among others, workers in the engineering, steel, metal-working and motor industries, staged a series of token stoppages as the wage round got under way in early February in order to put pressure on the employers (though also, perhaps, to quell complaints from within its own ranks that its original 7.5-8.5 per cent pay claim was not high enough).

A second feature that should not be overlooked is the growth in fringe benefits alongside actual cash wage increases.

Employers' claim—with some justice that it is these, rather than the well-advertised moderation of the wage settlements, that should be taken as the true measure of inflation in West Germany.

### Explosion

The signs are that the trade unions will this autumn make an attempt to supplement the spring's wage settlements if, as has been generally predicted, there has been an explosion in company earnings; many companies have reported improved results during the first half of this year, though they have been coy about providing figures. In the next few years, however, the emphasis on fringe benefits is expected to continue, with the next major item on the agenda probably the extension of capital accumulation by workers, or Vermögensbildung.

In pursuit of this aim, as in the earlier drive towards worker co-determination, or Mitbestimmung, the unions have much more to gain by

seeing the SPD-FDP coalition returned to office than they would have done from the election of the Christian Democrats. Although the West German trade union movement has no formal ties to the SPD, and has since the war systematically refrained from intervening in politics, its origins and its inclinations make for closer relations with the SPD leaders than with the CDU. To no one's surprise, an opinion poll last month confirmed that most Germans perceive the unions as the natural ally of the Social Democrats.

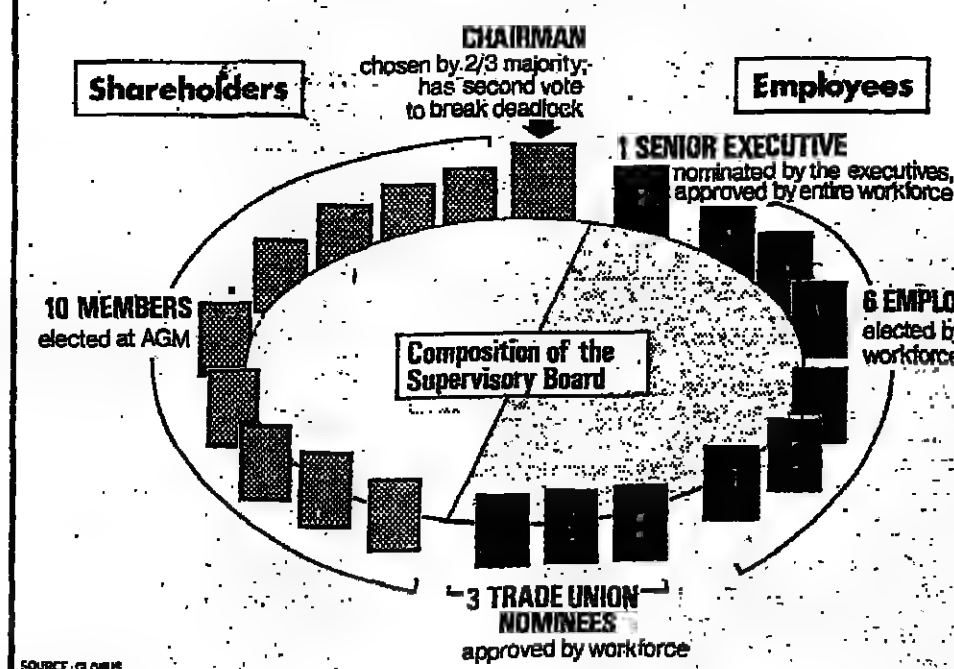
Yet the unions' independence from politics, and the Government's detachment from industrial relations, should not be underestimated. It has made the movement concentrate, in Herr Schmidt's phrase in a recent speech "on what is achievable to-day, to-morrow, the day after. This means taking the arduous, yet the only feasible, approach of small steps, which make conditions a little better, a little more just, from day to day."

The system has also made the unions themselves exceptionally rich. They have become not only supporters of, but beneficiaries from, the social market economy. Among the extensive financial interests of the Deutsche Gewerkschaftsbund (DGB), the counterpart of the British TUC, is a major bank, a big building society and a flourishing travel business.

A.D.

### WORKERS' CO-DETERMINATION ('MITBESTIMMUNG')

IN COMPANIES WITH OVER-2000 EMPLOYEES



## THE WORKER

### Ahead of the field

IT MUST seem ironic to many of those outside West Germany who see the country as the greatest bastion of capitalism in Europe, that West German workers are not only the best paid in the Community but have also moved further than their counterparts in any other country in the Western world towards meaningful control over industry.

Under the terms of the new co-determination, or Mitbestimmung, law that came into effect last July 1, the 650-odd West German companies employing 2,000 or more workers must set up within two years arrangements for the selection of half of the members of their supervisory boards by their employees. And during the course of the new term of office just won by the Social Democratic-Free Democratic coalition, a fresh legislative start is expected to be made towards a general extension of the parallel principle of Vermögensbildung or "wealth formation"—giving the worker a direct stake in the company.

There is little dispute that the existence of these two quite different channels of communication has been an important part of the remarkable story of West German labour relations. In the coal and steel industries, the trade union board members whom the Allies had originally installed as the best guarantee against any clandestine rearmament, in fact played an enormously important role in the painful process of running down manpower and stopping up newer, more capital-intensive means of production during the late 1950s.

In the manufacturing sector, a memorable recent example of the involvement of union and works council-nominated supervisory board members in key decisions has been Volkswagen. The head of the enormously powerful car workers' union IG-Metall, Herr Eugen Loderer, and

the chief shop stewards of several VW plants serve on the supervisory board that agreed to massive lay-offs at the close of the company's financial crisis in early 1975, and that voted unanimously last April in favour of management's ambitious plans to build cars in the U.S. for the sake of lower labour costs.

In spite of this sober and constructive record, the Mitbestimmung law was passed only after years of political wrangling. It provides for the workers' and shareholders' representatives on a supervisory board to be equal in number; this will vary according to how many employees a company has, but will reach a maximum of 10 each for the largest concerns. On the workers' side of the table, three of the 10 will be nominated by the trade unions and approved by a vote of all employees. Six will themselves be employees nominated by at least 100 of their workmates and elected by the entire company's workforce.

### Argument

The tenth will be a senior executive nominated by his fellows but elected by the entire workforce. His position was a bitter source of argument, with the trade unions protesting that he would be in effect a Trojan horse who would tend to side with the shareholders' representatives—the outside bankers, retired executive directors, customers and owners of major blocks of shares, who now nominate most supervisory boards.

A good deal of grumbling can still be heard from both companies and union leaders about the Mitbestimmung law, and formidable legal complexities will have to be digested in order to get the actual electoral machinery for the workers' representatives in position. In practical terms, however, it may

make relatively little difference to day-to-day management.

Supervisory boards have to approve the appointment of directors to executive boards and the workers' representatives will also have exclusive power to appoint and to remove director responsible for personnel and labour relations. Otherwise, the supervisory boards exist mainly to see that the company's management makes relatively little difference to day-to-day management.

Much of the heat generated by the Mitbestimmung law now flows to the issue of Vermögensbildung. The essence of this is the proposal that companies should set aside a percentage of their net profits in a special fund for the benefit of their employees. This would be through a sort of trust units would be invested in company or elsewhere. The fund could eventually be cashed out but would not be negotiable dividend would be paid year by year. In addition to its belief that the fruits of Germany's industrial wealth should be spread wider through ownership as well as through higher wages, coalition government sees Vermögensbildung as a potential important source of the capital for industry—of which the Federal Republic feels a shortage no less than Britain. It will be a next political trick on the part of the coalition. If it can persuade the sides of industry that Vermögensbildung is in the interests of each of them—a source of capital for business and a means of accumulating wealth for workers—the practical, economic and social problems involved are far less formidable. In a statement on the matter in August, 1975, the Government considered its own role mainly to lie in setting the conditions in which the two sides could move at their own speed.

## FOREIGN LABOUR

### Contentious issues

THE NUMBER OF foreign workers in West Germany has come down from the peak of about 2.6m. reached in 1973 to an estimated 2m. Yet the dependence of the economy on them has in no sense decreased, and as the recovery takes hold in a broader range of industries, the pressures are growing on the West German authorities to lift the restrictions on foreign workers nervously imposed during the recession.

During the 1960s it was official policy to encourage workers to come to Germany from the poorer Mediterranean countries in order to make up the labour shortage the country then suffered. They were referred to as Gastarbeiter—guest workers—on the theory that after a few years they would return home. The Federal Republic did not, unlike Britain or Sweden, accept that it should become a country of immigration, and so although the foreign workers were paid German wage rates and social benefits while in Germany, they were expected eventually to leave.

That has not happened. Guest workers who became unemployed during the recession understandably stayed in Germany to collect the benefits to which they were entitled, while many others trained to do specific jobs in industry represented an investment that employers were no less anxious to safeguard than they were their

German workers. The motor industry has become heavily dependent on foreign labour, as have the construction, public services and catering sectors where Germans have become increasingly reluctant to do the dirty jobs.

The recession has shown that Germans would prefer to draw the dule than to do many of these jobs. Yet official policy is that so long as unemployment remains high the present ban on new foreign workers entering the country will remain, and those now here are to be given greater incentives to return home. An example of the latter is the German Government's sponsorship of small industries in Turkey which could allow returning migrant workers to bring their acquired skills back to their own countries.

Yet this whole approach appears to many social critics, many businessmen and many foreign workers themselves increasingly unrealistic. Some 500,000 Turks, 400,000 Yugoslavs, 280,000 Italians, 100,000 Greeks, and smaller numbers of Arabs, Spaniards and Portuguese work in the Federal Republic, many having their families with them.

More will certainly wish to join them, and will indeed have a perfect right to do so under the European Community's association treaties. Italians, as citizens of a member state,

already of course have freedom of movement, and Turks will acquire it at the end of this year. At least 1m. Turks are said to be on the waiting list.

Like several other highly contentious issues, the foreign worker situation is scrupulously avoided in most public political discussion. But the time may be coming for the Federal Government to take a fresh initiative, admitting that there is a chance of the problem simply disappearing through the structural improvements, such as increased vocational training that it hopes to bring about in the labour market.

The main element in a new initiative from Bonn (though much here depends on the State Governments) would be to place the emphasis on integration. Because of the assumption that the guest workers will one day return home, Germany has been in a quandary about how much time and money ought to be spent teaching them and their families German, adjusting to social and cultural differences and seeing that they get the special social services they need. Failure to do this in several cities has led to the familiar problems of ethnic ghettos and to the familiar response of banishing new entrants from specific areas where their arrival would bring the proportion of foreigners above 12 per cent.

A.D.

## Partner in International Programmes

### Astronautics

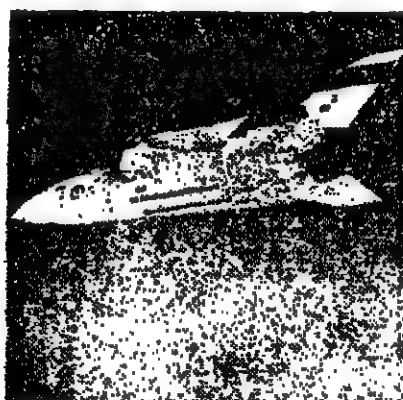
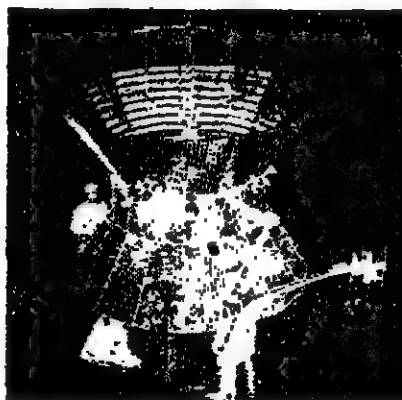
Nine satellites for which MBB acted as prime contractor or developed and built essential systems in international cooperation are orbiting successfully in space. These include both German-American Helios solar probes and the Franco-German communications satellite Symphonie. New communications satellites are in hand as well as programmes to exploit the European space laboratory "Spacelab" for tomorrow's technologies.

### Military Aircraft

MBB is engaged in the development, construction and support of military aircraft. The main programme comprises the combat aircraft Tornado developed in European cooperation together with BAC and Aeritalia within the scope of PANAVIA. Further activities: F-4 Phantom, F-104 G Starfighter, C.160 Transall.

### Civil Aircraft

MBB together with European partners is building the Airbus A300, the world's most economic and ecologically benign wide-bodied commercial plane, and is handling the overall spare parts supply. MBB is a partner in the development and construction of the commercial aircraft VFW 614 and Fokker F.28.



**Helicopters**  
MBB developed and built the first German production helicopter, the BO 105. This multi-purpose helicopter has proved itself in 14 countries over four continents in executive, rescue, offshore and police operations.

**Transportation**  
MBB has pioneered light-weight construction in the rail vehicle sector. This type of construction was adopted not only for the underground and commuter cars, carriages, sleepers and dining-cars supplied by MBB, but also, for the first time in long-distance traffic, for the new "Intercity" express train, run by the German Federal Railways. Innovative transportation systems are serving to solve tomorrow's traffic problems. MBB is developing the Cabintaxi and the magnetic suspension railway in a working group together with Demag and Krauss-Maffei, respectively.

**Defence**  
MBB is developing and building defence systems. The antitank weapon systems MILAN and HOT and the low-level anti-aircraft weapon system ROLAND, developed in Franco-German cooperation by MBB and Aerospatiale within the framework of Euromissile, as well as the nationally developed air-to-ship weapon system KORMORAN, are all enjoying international reputes.

### Further Activities

Environmental control, oceanography, cybernetics, energy technology, systems studies, EDP service and consultation, planning, simulation, transmission technology, telemetering methods, communal technologies.



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# THE BUNDESBANK

## An independent role

KEY element in the current adjustment of the West German people is the relative stability of the value of their money. This achievement in an inflationary world—the most recent nearly 4 per cent rise in the cost of living index was under 4 per cent—has been a national triumph. It is a result of the spilling experience between the two World Wars. The most salient expression of this is the independence and duty of the German central bank, the Bundesbank.

The bank was established in its present form in 1957 by an act which stipulated that it would regulate the supply of money and credit in a way that would support the economic policy of the Government in power. Its independence in this task is secured and limited by an elaborate set of checks and balances in its relationship with the Government. Perhaps the most important single fact is that the Bundesbank's President—currently Dr. Karl Klasen—is chosen by the Government for a term of eight years and thus survives general elections. Dr. Klasen is due to step down on December 31, 1977.

Until recently the Bundesbank attempted to fulfil its duty with a counter-cyclical monetary policy. For a period between the late 60s and February 1973, it was greatly hampered in this by its need to intervene to hold down the Deutschmark in the fixed exchange rate currency system that was then in operation. In that decisions on policy changes were the responsibility of the Government, this obligation put the Bundesbank's monetary control at the mercy of the Finance Minister.

From 1973 onwards the Bundesbank was able to assert itself again. In that year it applied a "hard" monetary squeeze that had an immediate effect on an economic boom and which was one of the origins of West Germany's recent success in tackling inflation. The Bundesbank preserved this tight hold right into the middle of 1974, by which time it was clear that the industrialised economies were plunging into recession and needed monetary help rather than hindrance. In both these years the Bundesbank made it clear that it saw itself obliged to provide only that increase in money and credit that was needed to keep pace with real growth in the economy.

At the end of 1974, Helmut Schmidt urged the Bundesbank to be more explicit about the degree of monetary growth that it was going to steer for in the coming year. The argument was that this would give the unions a clear indication of the monetary constraints within which the economy would be operating and would thus encourage them to pitch their wage claims accordingly. One of the reasons for this argument was that wage settlements at the beginning of 1974 had been disturbingly high.

The Bundesbank went along with the idea and announced at the end of 1974 that it would allow its "central bank money stock" (cash in circulation plus minimum reserves of the banking system adjusted to iron out the effect of changes in the reserve requirements) to grow by 3 per cent over the year. Since that time West Germany has become one of the world's leading exponents of "public monetarism."

So far, the Bundesbank has not lost credibility as a result of this exercise, and, seen from outside, public money supply control has appeared to be another facet of West Germany's impressive economic management. It is, perhaps, a happy coincidence that the Bundesbank has not yet had to do anything very controversial in pursuit of its money supply goals, that wage demands within the period of the experiment have been moderate by everyone else's standards, that the economy has

shown an abrupt recovery, and that the Bundesbank has not veered so far off its chosen monetary path that the whole exercise has begun to look impracticable. In the first half of 1975 the economy was in a depressed state and the central bank money stock grew at a yearly rate of only 6 per cent. Later, year, and it made a fairly tight-fisted monetary policy sound more generous than it really was. Because of the "over-climbing at an average rate of hang" at the beginning of the year the eight per cent average increase was really equal to a by straight line increase of 4.6 per cent. Even with the franc gone, the "snake" demanded another DM4bn. of intervention in August, making the money supply target that much more difficult to stick to.

No one will complain about the Bundesbank's overshoot this year: the economy appeared in early October to be in an overheated state. There will, however, be considerable interest in the Bundesbank's idea of the right money growth for 1977, as the chosen formula will show whether the Bundesbank means to tighten credit or not.

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# SOCIAL SECURITY

## Efficient but costly

THE WEST GERMAN social security system proved itself during the recent recession to be an invaluable cushion as the unemployment rate climbed remorselessly to a peak of 13.4m, nearly 8 per cent of the labour force, last winter. Unemployment insurance, funded by the quasi-independent Federal Labour Office in Bonn, costs West German employers and their employees 1.5 per cent each of the worker's monthly gross salary—half as much again as it cost last year. Benefits amount to 68 per cent of an unemployed person's net income during the last month of his unemployment, no matter how high. Thus for many people a few months' unemployment could be survived without undue hardship.

The difficulty under the German system comes at the end of 312 days of being out of work. Then standard benefit stops. In every, anyone still unable to find a job then becomes eligible for unemployment relief, equal to 58 per cent of the last net income. But in practice there is a stringent means test involving not only an applicant but also close relatives, which also requires him to liquidate all his off virtually his entire savings and assets before he can qualify.

The system of old age pensions, centre-piece of the West German Welfare State, is currently causing even greater concern. This year, the Bundesbank has calculated the various "workers' and white collar funds" that make up the State pension system will have a deficit of DM10bn. Next year, given middle range assumptions, extra DM200bn. It may in fact cost much more.

In itself the annual adjustment process, designed to protect pensions from inflation, is at present adding to the pension system's burdens. The calculation carried out is as follows. For the year 1977, pensions will be increased by the average annual national wage increase during the three-year period 1973-75. Thanks to this built-in lag, pensioners are currently benefiting from the after-effects of the wage explosion of the early 1970s, and the increase to be paid next July will be in the region of 10 per cent. The result has been to give households entirely dependent on income from old age pensions a national average income last year which, at DM286 a month, was only 5 per cent less than that of the average wage-earner's household.

At the same time the proportion of pensioners to the general population is increasing. In 1964 there were 170 people over 65 per thousand head of population. In 1974 this figure had risen to 221, this year to 243, and by 1979 it will reach a peak of 248, deciding by the late 1980s to about 230. Put another way, the present ratio of 11 pensioners to 25 wage-earners will close further.

Indeed, it has already closed considerably by virtue of the fact that 900,000 wage-earners remain unemployed. Not only bringing forward by six months the annual upward adjustment of pensions, and to a system of other concessions for people on low incomes and for the self-employed. Up to 1987, all this was estimated to cost as much as the rate of growth of

pension fund income. Paradoxically, only a return to—by West German standards—frightening rates of inflation might put the pension system, at least temporarily, into balance. But it would hardly be a solution.

The solidity of old age pensions dropped during the recent election campaign as an issue. Yet it was the wrong issue. In the last resort the Federal Government would have to bail out the pension funds, it goes without saying. But no politician offered concrete suggestions as to how to prevent such a crisis from coming about and how to set the pension system back on the rails, for the good reason that all the obvious options look politically unpalatable.

One alternative, clearly, would be to raise contributions still higher. Yet they are already 18 per cent of a worker's gross income, split half-and-half with his employer, and to increase them further would be to court bitter opposition from both business and the unions. Indeed, the employers' associations have recently complained that the present level is too high. They have come up with another suggestion, which could mean a saving of as much as DM358bn. to the pension funds between now and 1991, and that is to limit the degree of upward pension adjustment made in response to wage increases. In the short term, it looks as if the Government may be compelled to do just that, by postponing at least part of the increase due next year.

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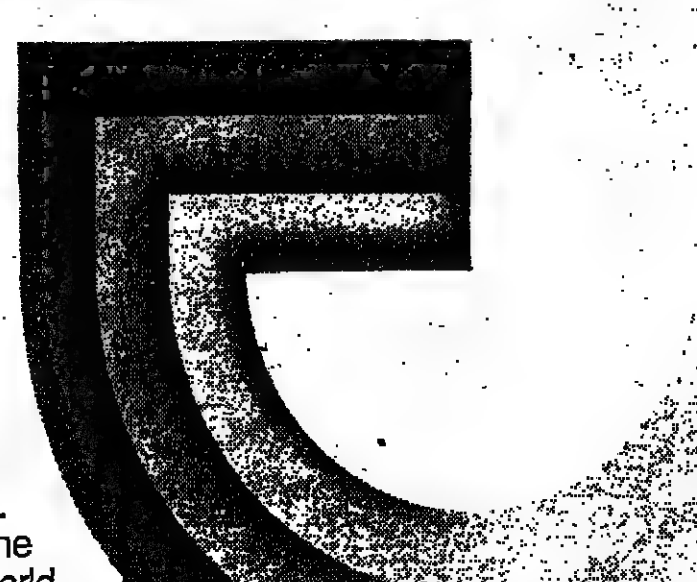
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## WEST GERMANY VIII

The crisis in education . . . stress in the schools . . . health costs and the Krankenkassen . . . spending on pharmaceuticals . . . the boom in overseas travel . . . the D-mark's strength . . . popular countries to visit . . . luxury tours . . . the arts scene . . . the wealthy patrons . . . State support . . . keeping costs down.

FOR MONTHS now the popular Press has alarmed the German public with reports on the crisis-ridden education system. Stories on "stress in schools," "suicides of school children," "limitations on entrance to universities," "unemployed university graduates" have painted a picture of a young generation in distress. How widely does this picture apply? It is a fact that the changed labour market, with youthful unemployment even above the overall quota of 4 per cent, has introduced competitiveness and a new emphasis on performance in all forms of schools and at all levels of education.

The number of young people needing education and jobs has increased substantially in recent years. Calculations for the future even predict an increase of about 850,000 in the country's labour force by 1985 as a result of the baby boom of the 1960s.

Thirdly, in an "equal opportunity" society, parents keep pushing their children towards higher education in the hope that this will win them a white collar job. Since mid-1960, when only about 20 per cent of primary school children went on to secondary schools, this rate has gone up to 70 per cent and the number of students has increased from 384,000 in 1974 to 738,000.

The universities, however, are ill-equipped to handle such an inflow of students, blocked as they are by a specifically German phenomenon, the "eternal student." He is often nearly 30 years old, has studied for ten years or more, trying and dis-

carding various courses or subjects. He is the result of a lack of co-operation between the professor and the student body, with the professor yearning for research and shielding himself against the demands of the students for guidance in their academic work. Furthermore, Germany's annual need of university graduates is only around 110,000. The universities have already produced a surplus of teachers, jurists and sociologists who find no jobs corresponding to their qualifications. Many graduates simply stay on at university, starting a new line of studies, or doing post-graduate work, thus clogging the seminars. Although school leavers, the *abitur*, has a right to a university place. In practice, quite a number of subjects, from medicine and pharmacy to architecture, mechanical engineering and chemistry to name only a few, are barred to the ambitious, unless he has achieved extremely good grades in his *Abitur*.

The central office for the allocation of university places in Dortmund distributes existing places according to a formula whereby 60 per cent are filled by applicants who have the necessary qualifications and 40 per cent from a waiting list of former year pupils who did not quite make the grade.

Many of these would-be students, however, give up waiting around and look for vocational training by industry or trade, which would normally have been extended to non-secondary school leavers. Because of the recession and falling investment there is already a deficiency in training places, which will rise to a shortage of 1.2m. over the next 10 years, when the generation born in the 1960s arrives on the labour market. Although the Government has spent nearly

## THE PLEASURES OF WEALTH

## EDUCATION

### Alarmist reports

of the strain, children taken to drugs and alcohol. Doctors have diagnosed stomach complaints, migraines in the case of 8 old children. Every around 500 school children commit suicide, with the number of suicide attempts mated to be much higher.

Small wonder that the situation of the *numerus clausus* has become more heated. Both the Federal President as well as Chancellor Schmidt advocated the complete opening of universities and dropping *numerus clausus*. The did respond to this appeal have promised to abolish at least the so-called *numerus clausus* for such subjects as English and literature, history, mathematics and several others by mid-1980. Although nobody university admission critics of this day have warned that the universities will soon start churning out an army of graduates who will be unemployed, unless in that no prestigious highly paid job comes university finals as a mark course.

Elgin Schroe

## HEALTH COSTS

### The sickness boom

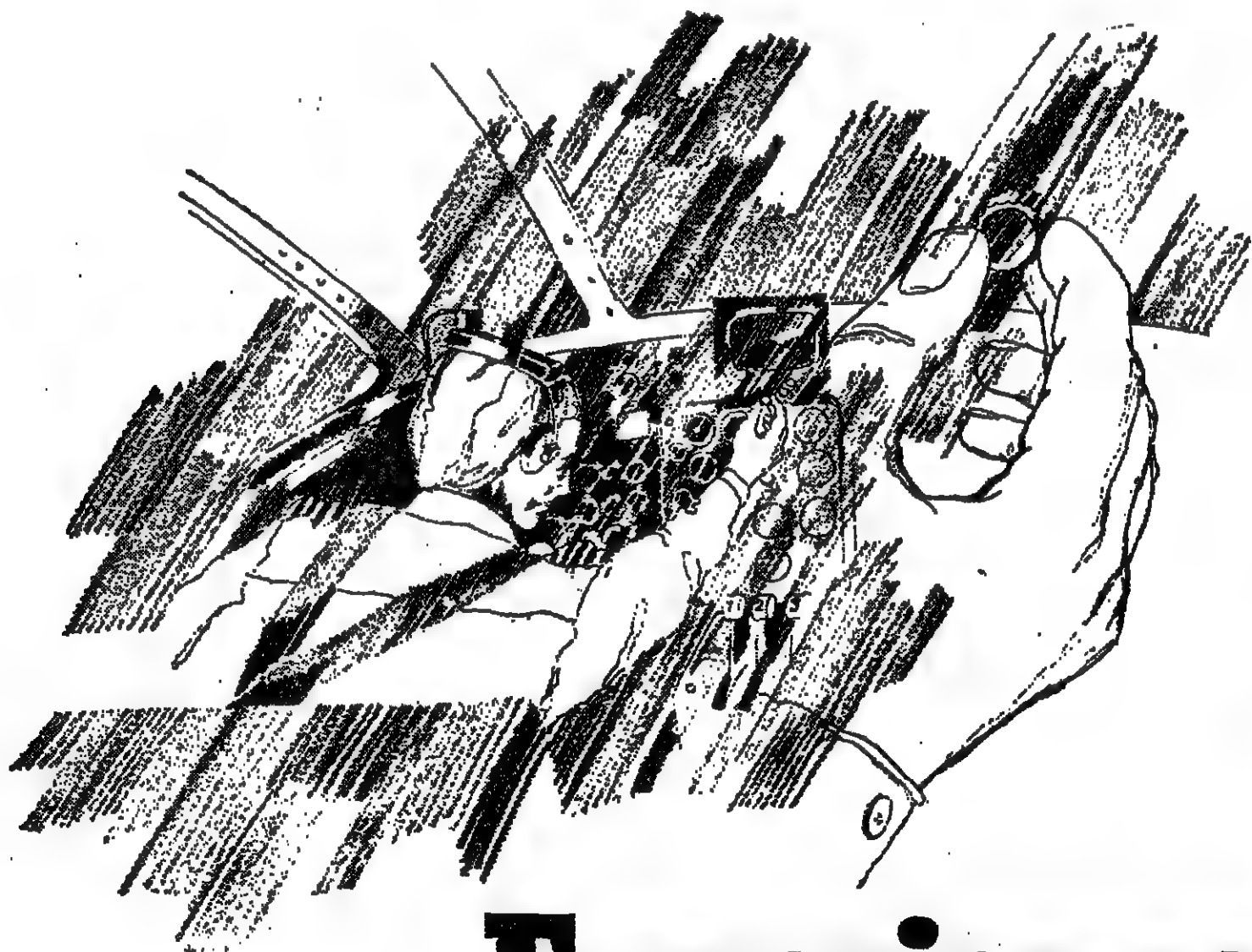
LAST YEAR roughly one third of the West German social budget of DM335bn., which is insured free of charge, as are old-age pensioners. In all, around 92 per cent of the German population are members of the official health scheme. The DM40bn. of the total of rest are privately insured. DM108bn. came from tax funds of the Government, the Federal States and the municipalities. This covered the expense of preventive medicine, of treatment of patients who had had accidents at work or were suffering from professional diseases and of disability pensions.

The rest of the health bill of more than DM60bn., up 19 per cent, on 1974, was left to the *Krankenkassen*, the embodiment of the official health system. These are mutual insurance companies, run on a non-profit making basis. It is to them, not the State, that all wage-earners and salary earners up to a certain income ceiling pay their contributions which are in turn matched by the employers. Family dependants,

that is wives and children, are insured free of charge, as are hospital doctors and patients primarily with the use of modern technology and cements. Double tests, regular occurrences, each use of the expensive machinery is separately charged. Meanwhile, doctors' dentists are earning 30 per cent of their annual income in 1975 rocketed to a record of DM170,000 before tax, by providing technical services.

Over the last five years health costs have virtually exploded, forcing the *Krankenkassen* continually to raise contributions in order to remain solvent. In 1980 as little as 5.7 per cent of income, split equally between employee and employer, had to be spent on health insurance. This year the rate has reached an average 12 per cent, with some *Kassen* having negotiated occasional peak rates of 14.5 per cent. According to official calculations this peak will become the norm in 1980, as the public's medical consumption is expected to go up to DM115bn. by then. By the year 2000 the rate will have risen to an impossible 80 per cent of income, unless the existing trend is halted.

CONTINUED ON NEXT PAGE



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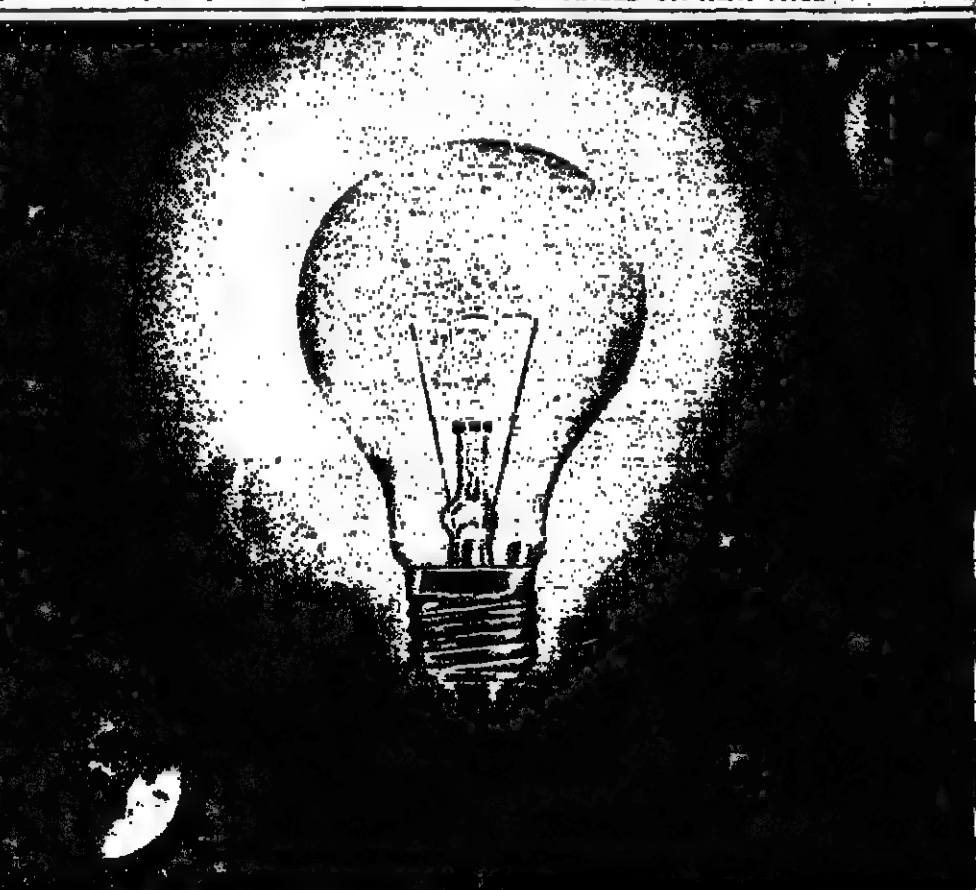
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# THE PLEASURES OF WEALTH FOREIGN TRAVEL

## A lust to wander

ER RECESSION nor unemployment can curb the pro-German Wanderlust. As for foreign visitors to Germany, the oil crisis had worn Germans seemed to de-masse that the economic was not coming after all, sibly they reckoned that as coming, they wanted ling, and went on a trip. 25m. West Germans the age of 14 and 45m. it went on more than ways in 1975. In other more than half the popu- was on the move at least at year. Roughly 11m. ners stayed in their own, while the rest gave in lure of foreign res.

elling Germans last year DM21bn. abroad, more American, French, an or British holiday. As the Secretary of the World Tourist sation, Robert C. Lonati, at the German Tourism as in Bonn in June, 1973, German tourists for "world travel lions" in terms of the spend on, their ya abroad, taking first ahead even of U.S. ige travel expenditure in up by DM1.6bn. on 1974, an higher than the foreign

exchange costs of total West German oil imports that year. As foreign visitors to Germany spent only around DM13.7bn. record travel deficit of DM13.7bn. resulted, which greatly reduced the 1975 trade surplus.

Since 1971 the travel deficit has nearly doubled, with receipts from foreign tourists stagnating and German spend- ing abroad rising steeply. If this trend continues—and all signs point that way, since if 1976 turns out not to be a record travel year because of the attraction of good holiday weather at home—it may well make for future problems should the huge German-trade surpluses shrink one day.

One contributory factor to this situation is the continuing strength of the D-mark against virtually all other major currencies. It makes life in Germany expensive for the foreign tourist and, journeys abroad cheap for the German.

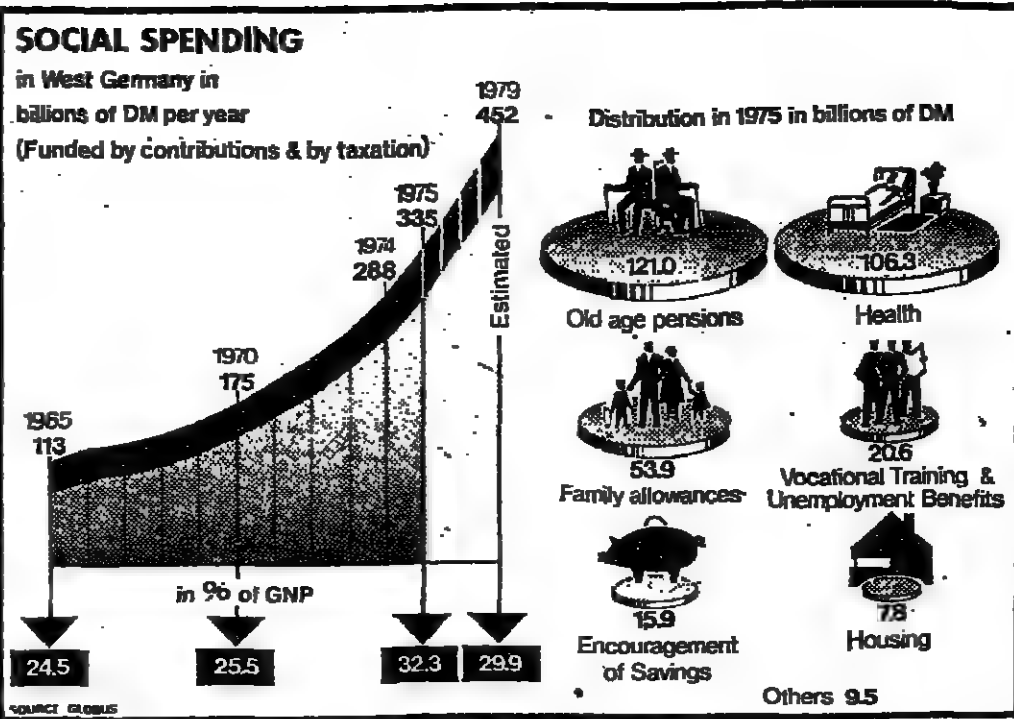
In Europe, Austria has long been the favourite German holiday country, netting DM4.7bn. in revenue in 1975. It is followed by Italy, which has dropped in popularity, however, because of transport and hotel strikes, with DM3.5bn. In third place was DM2.1bn. is Switzerland, which is benefiting from the growing

skiing boom, in spite of an un- stable exchange rate for Germans. France is fourth and steadily gaining more friends, while Spain—with the exception of the traditional haunts such as Mallorca and the Canary Islands—and Portugal are still losing visitors through bad tourism management and fear of political unrest.

Political trouble spots and primitive socialist hotel for- tresses were shunned this year. Thus, apart from Spain, Bulgaria and Romania had a mid summer which hardly any hard-currency-bearing German clients. Reports of terrible lodgings, bad service and worse cuisine had scared the travellers off.

The "hit of the season"—as the media called it—was Greece. In 1975 it attracted 35 per cent. more German tourists than the year before, and during the first six months of 1976 this rate went up to 85 per cent. against the comparable period of the pre- vious year. Around 201,000 Germans, heading the list of foreign visitors, admired the land of gods and columns be- tween January and July, 1976. "The run on Greece" was not so much caused by the wonders of antiquity but by reports of clean hotels, of unpolluted beaches and native friendliness.

On the whole, one can say



that the "rich" German traveller has become more demanding. Cheap package tours and charter flight offers, which used to be snapped up in the past, are no longer arousing such interest, while luxury trips such as Mediterranean or Caribbean cruises or all sorts of arrangements, for instance sailing or riding courses, are selling increasingly well. A further sign of a luxury trend is the growing number of journeys to far away non-European countries. Thus trips to Africa and Asia increased by around 50 per cent. in 1975 over 1974, and even extremely costly tours around the world of three months' duration are now booked up many months ahead.

Whether German travel of the oil crisis and the recession are really changing habits remains to be seen. One argument against this theory is that many people put off buying a new car during the aftermath

## THE ARTS

### Finding the money

IS very little private expenditure of DM3.83bn. was contributed by the Government. Over 40 per cent. came from the provinces and the rest from the municipalities. Artist endeavours abroad, designed to relieve him of the burden of the fight for a living, are patronised by the Government. But the support of industrialists who write in donations against tax or soccer players, down- ers, ski-jumpers and the few sponsors of the neal themselves behind ounity of foundations lural circles, which give modest prizes to up and young writers and a while to sculptors and ans.

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aims at starting social processes, at changing awareness patterns, at shaking up society. But one does not ask whether this is what the audience wants." Obviously not, for the number of theatre enthusiasts is falling.

There is even talk of a theatre crisis. Even the big towns such as Berlin, Hamburg, Dusseldorf and Munich with their famous stages which still lure thousands of visitors to their theatres, have felt the financial pinch. For example, of the DM50m. budget of the National Theatre in Munich in 1974, only DM12m. were box office receipts, while DM38m. were put up by the City of Munich and the State of Bavaria. In other words, in order not to frighten more theatregoers away, ticket costs were kept down to 24 per cent. of total costs—the rest came from tax. As personnel costs are rising and the states are pressed for funds by the recession, the day may not be far away when even in Germany, opera houses have to close. Already there are so-called theatre marriages—cost-saving co-operation arrangements between neighbouring theatres to play alternately in each other's town.

German drama is labouring under an additional handicap. The Federal President, Walter Scheel, explained in a recent speech before the German stage federation: "It is thought slightly lacking in taste in certain theatrical circles to entertain an audience. One

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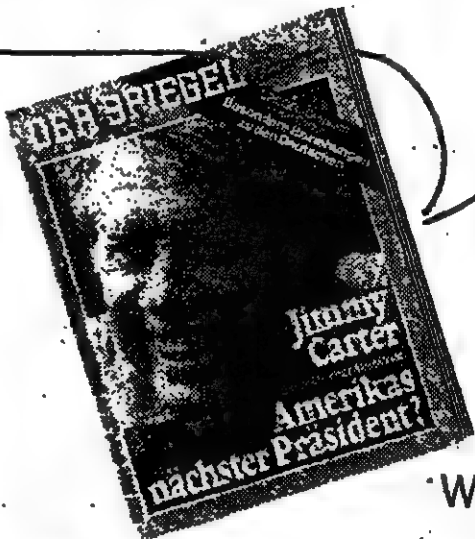
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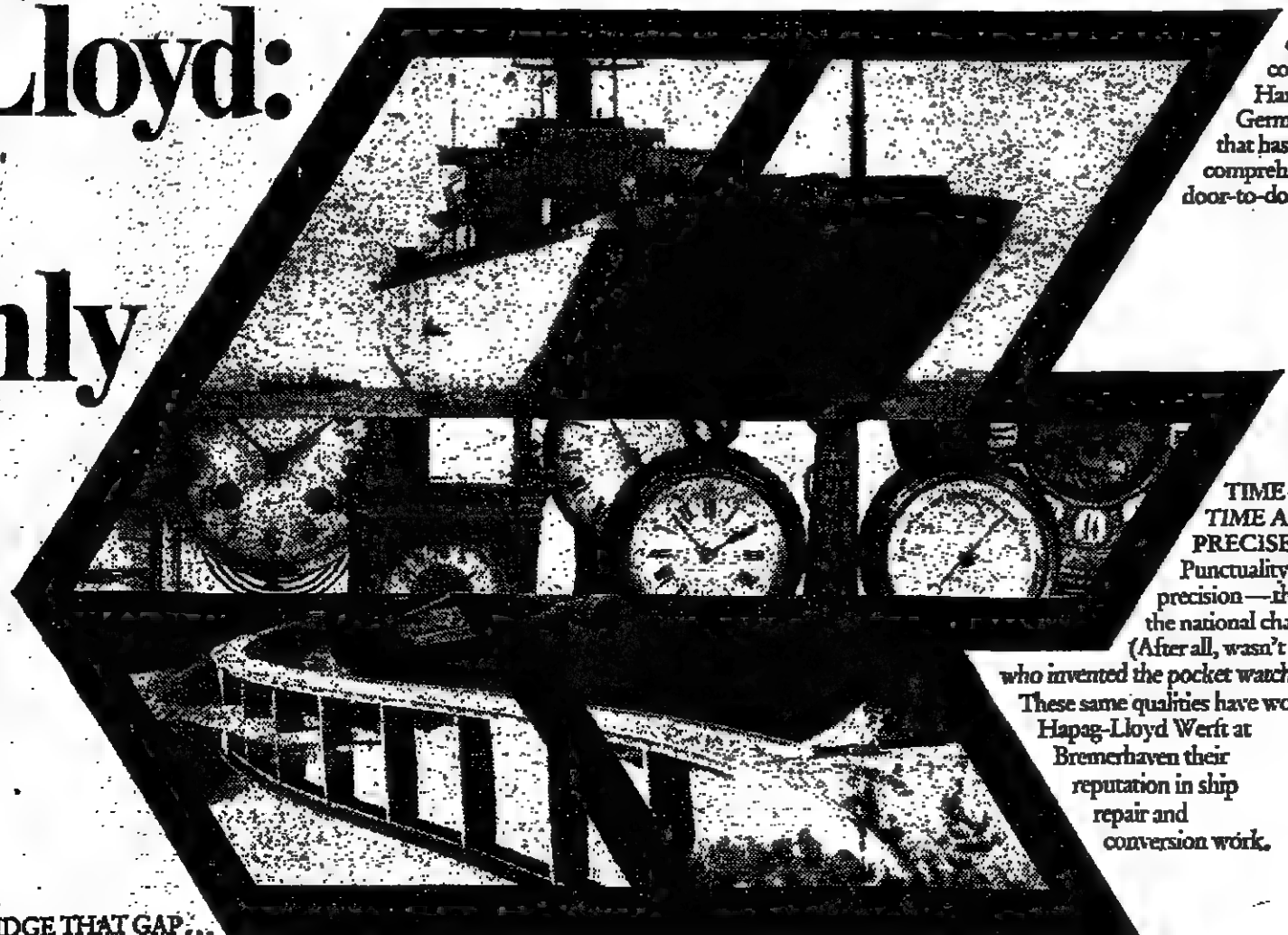
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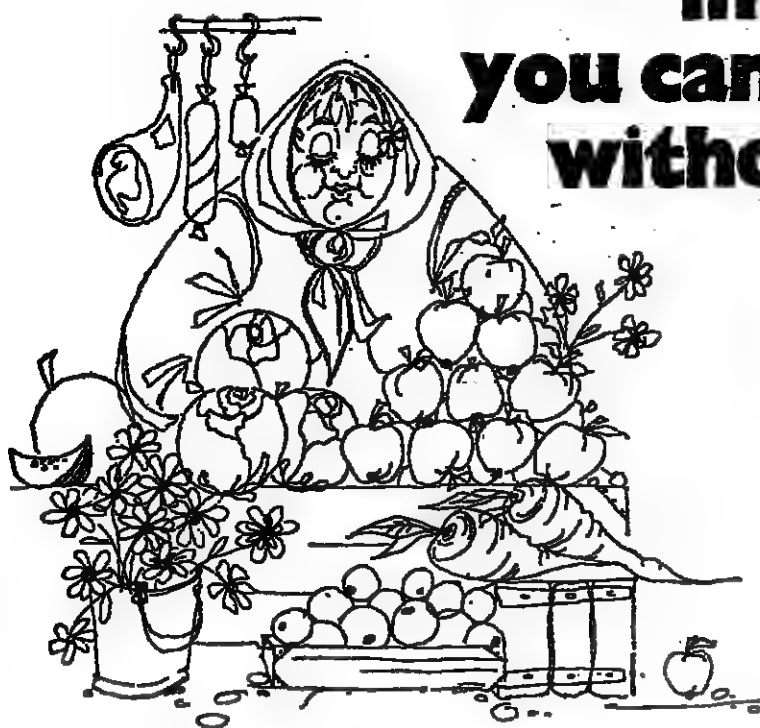
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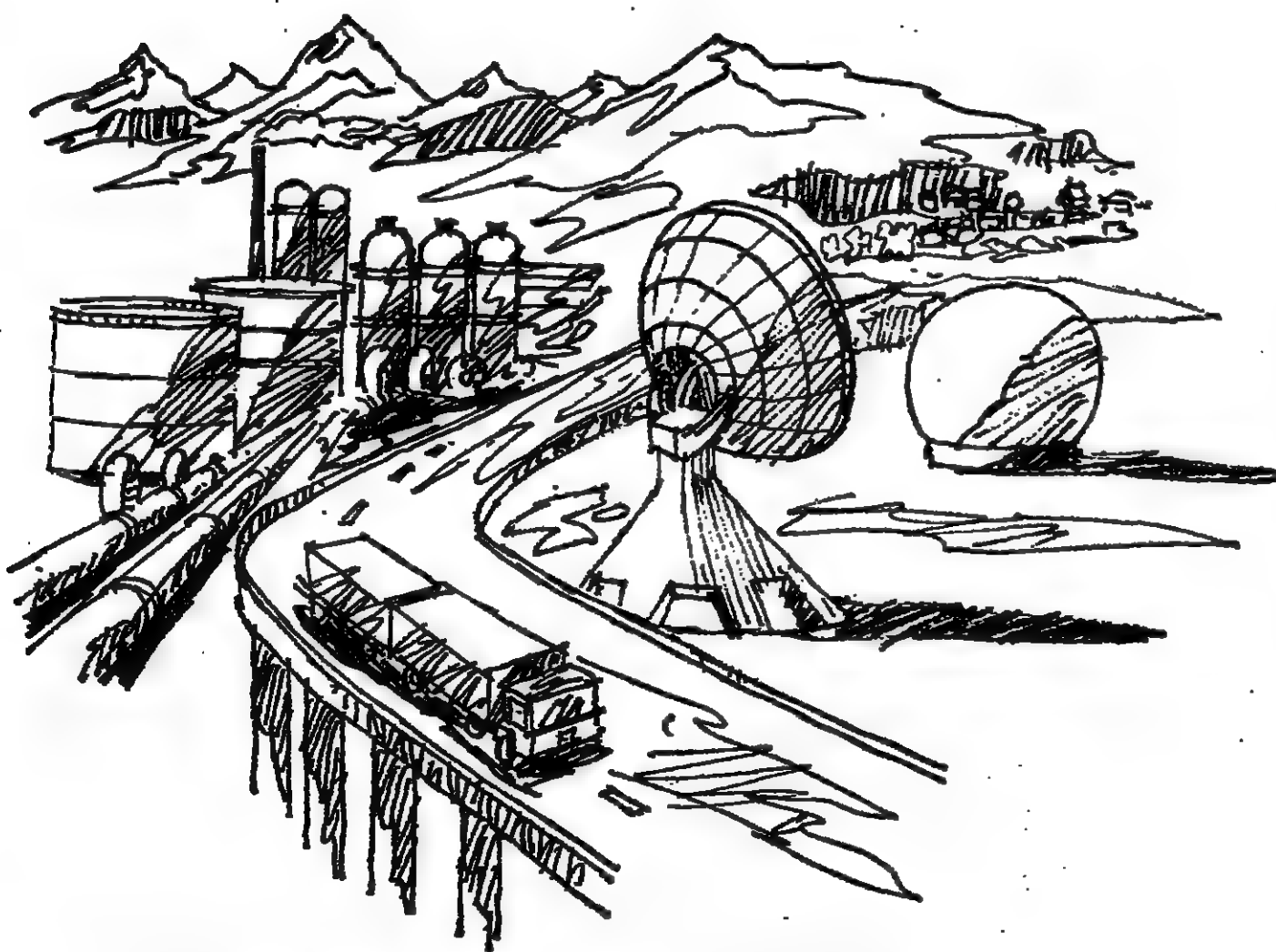
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## WEST GERMANY X

The universal banking system . . . its advantages and shortcomings . . . foreign banks in Germany . . . German banks abroad . . . a modest representation . . . stock market prices . . . corporation tax reform . . . share ownership . . . saving in the recession . . . investment funds.

## DOMESTIC BANKING

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GERMANY'S Universal banking system must inspire awe, tinged with envy, in the hearts of most British and American bankers. In their scope, the universal banks can hardly be equalled anywhere outside the Federal Republic.

Unlike the system operated in the U.S. and Britain, where deposit banking is separated from the investment institutions, the universal banks offer virtually the whole gamut of banking services under one roof. These private and Giro institutions take deposits, lend money, underwrite issues, have large holdings in industry and act as stockbrokers. They are all things to all men.

However, the fears that led the Anglo-Saxons to divide Church and State, as it were, and separate potentially conflicting services into different banking sectors have recently been felt in Germany. The collapse of the Cologne-based Herstatt Bank in 1974 gave added impetus to a soul-searching that had been taking place for some time.

In November, 1974, Dr. Hans Apel, the Finance Minister, set up a 10-man commission to

study the universal banking system. Its members, drawn from the banks, the central bank, the unions, the universities and retired senior civil servants, were charged with questioning the very precepts on which the system was based. The commission, which was expected to report last year, has still to produce its findings. This can hardly come as a surprise as its task was herculean.

### Deposit

Its members were asked to study, among other things, the possibility of separating deposit and lending functions from the securities business; to make recommendations on whether share participation in industry should be severely reduced or forbidden; to report on the effect of the banks carrying on at one and the same time, such activities as lending, underwriting, managing companies by proxy, and appointing their officials to supervisory boards in industry; and to study the banks' domination of the stock market.

Furthermore, some of the urgency was taken out of the

commission's work when the private banks moved to put their own house in order. Following the collapse of Herstatt with losses of DM12bn (£305m)—an event which led to the arrest of eight former executives of the bank in August this year—the banks set up a new deposit insurance scheme to protect depositors. At the same time new regulations came in force to control more strictly both foreign exchange dealings and entry into the banking sector.

Observers who claim to be close to the commission say that it appears decided that pure investment banks could not operate profitably in Germany. However, it would be unwise to speculate on an investigation that is still in process.

Some people, not only bankers, point out that it would be dangerous to indulge in a system which evolved pragmatically and has served the country well. There is some truth in this, as the universal system was not introduced as a fait accompli but developed gradually, in response to needs generated by economic crises.

The banks, for example, did not build up their massive holdings in industry voluntarily—they were virtually thrust on them. During the depression they were left with large tranches of industrial shares held as security for debts that could never be repaid. With the shares virtually valueless, they had little alternative but to hold on to the stock but also to support the companies themselves, to protect their unwanted investments.

These holdings increased further after the last war when the banks were just about the only source of cash open to entrepreneur and established industry alike. Indeed, the

universal banks served the nation well and were in no small part responsible for Germany's "economic miracle".

There are, of course, drawbacks. Competition among the banks themselves can hardly be described as vigorous. There has been a strong movement towards concentration in the private banking sector, with the big banks mopping up through takeovers a large chunk of the Federal Republic's private banks. Regulation has also bred uniformity and competition occurs largely between the various sectors of the industry rather than within the sectors themselves.

It is also hard to resist the claim that the banks' dominance of the Federal Republic's stock exchanges has led to an administered market. On the other hand, the big industrial concerns look to the banks rather than the stock market as their main source of finance. In addition, the bank's involvement in the stock market has its advantages for industry if not for the small shareholder.

### Better

Universal banks with their many profit sectors are in a better position to understand industry's need to retain profits for reinvestment than are investment banks, whose own earnings depend greatly on the performance of industry and on distributed profits. Furthermore, the recent rescue of AEG-Telefunken, the country's second largest electrical concern, would have been extremely difficult—if not impossible—without the universal banks.

Against this it can be said that while the old maxim that what is good for industry is good for the country still holds a fair measure of truth, in Germany it is also possible to contend that the country's good does not always coincide with

that of the small shareholder. While the banks are own only 5 per cent. standing German share often have a controlling annual meetings. This is they have the right to would contend "duty" as they see fit on behalf large number of individual shares on deposit them, unless the owners otherwise.

It would be fair to argue the banks have encouraged Federal Republic's policies that are very of standards in Britain. America. Consequently, shareholder has benefits less than either the St. the worker in the miracle. Against this they would argue that they protected the small from rash managerial decisions and won for solid and secure growth value of his investments.

It seems certain that a lot of bank operations, particularly on U.S. lines, would be far greater competition between the banks and the would hold benefits for the summer. However, it is destroy the current balance it is difficult to see how banks could continue to their current industrial almost that of a corporate godmother—which has been such great advantage, the country.

As it stands, the banks that their power is viewed with suspicion and this is a inducement for them to a with circumspection. Current involvement in and of industry is very high. If the universal banking were to be broken down Government could well itself having to enter who has so far feared to tread

## TWO-WAY BANKING

### A slice of the action

WEST GERMANY'S economic growth has been too much of a good thing for the international banking community to resist. During the past 15 years or so foreign banks have flocked to the country, each hoping to carve out a profitable slice of the action.

Until relatively recently the movement was largely one way. But recently the larger of the Federal Republic's banks have been showing their foreign competitors that the "saucer-for-the-goose" maxim is as applicable in the money business as in any other area of human endeavour.

There is nothing very new about the involvement of foreign banks in the German market. A number of operations here can trace their operations back to the beginning of the century and foreign banks, of course, played an important part in the post-war reconstruction of the Federal Republic's economy.

The flood-gates, however, really opened in the mid-sixties with attention focused on Frankfurt, the Federal Republic's financial capital, and Düsseldorf, at the centre of the industrial heartland. Hamburg, the country's largest seaport, was the secondary target.

### Attractive

Spurring the growth was the increasing importance of West Germany, in general, and Frankfurt in particular as an international financial centre. The Euromarket and foreign exchange markets were as attractive as the prospects of building up the business of lending to West Germany's prime corporate borrowers.

For the U.S. banks, in particular the expansion of the American-owned multinationals banks is that many of the smaller banks arrived thinking that they were going to teach the German banks a lesson in how to operate. A goodly number had their fingers badly burned.

The property market was age

German market has moved far from being the little pot of gold at the end of the rainbow. The large German banks may have been slow to go abroad but they were by no means the jokers that the less well-informed foreign entrants to the market seemed to expect.

Most foreign banks here have found the market a tough one to crack. The universal banking system has the corporate market sewn up. Indeed, a number of foreign bankers in Germany go as far as to claim that they operate in the market more because the big German banks are willing to tolerate them than because the services they offer are competitive.

Certainly, the foreign banks compete hard both with the German financial institutions and among themselves. However, it is easy to understand the cynicism of some foreign bankers. German corporations tend to have a much smaller capital base than their counterparts in Britain or the U.S. and as a result, are much more heavily geared.

The German concerns with their high debt ratios tend to depend far more on their "house banks" as prime sources of finance. Few would dare shop around to quite the same way as a British or U.S. concern if it meant offending their main source of funds.

Furthermore, the domestic institutions—particularly the big commercial banks—have substantial shareholdings in many of Germany's largest industrial concerns. Their heavy representation in the Boardrooms of Most of the country's industries makes it rather easier for them to pick up business than their competitors from abroad.

Perhaps one reason for the element of disillusionment noticeable among some foreign banks is that many of the smaller banks arrived thinking that they were going to teach the German banks a lesson in how to operate. A goodly number had their fingers badly burned.

The property market was age

property operators set up just as the property market was going into recession, confidence and inexperience the needs of the market an important contributor to the losses.

Foreign banks also suffered during the turmoil in the foreign exchange market following collapse of the Cologne-Herstatt Bank. To-day, market plays a major role in the operations of most foreign banks. Largely purged of "cowboys," it is once again the hands of the professional

### Tax changes

The apparent slowness of German banks to move ab has more to do with the of their priorities than in conservatism. Until comparatively recently they were preoccupied with the rebill of an economy shattered by war. Indeed, although D-mark gained convertibility in 1958, it was not until the of the 1960s that even largest German banks began set up overseas on any scale.

Before then they had to content with representatives offices in most of the worst financial centres and cones themselves mainly with the country's suburban foreign trade. Even today German banks overseas representation remains fairly not in comparison with if counterparts in the U.S. and even France.

German bankers argue that there is no way of killing a number of the large banks members of international private banks have wide works of correspondents other countries. The large bar frequently remain content with their British or American co-petitors would open a branch in five offices are in many a really big business as a branching operations.

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## FUND AND SAVINGS

## Prospects for expansion

FT and a fair day's work depth of the downturn in the additional German virtues. First half of 1975 was running at 17 per cent. of net disposable income. Even today, when the somewhat softened economy is well on the way to recovery, the citizens of the Federal Republic are putting aside at least 14 per cent. of their disposable income each month, while the savings rate in the first half year stood at 14.5 per cent.

Most of the money set aside is destined for a savings account with one of the local authority-backed savings banks. But although shareholding is not widespread, there is a growing local fashion and saved like interest in the country's mutual funds.

Over the past five years or so savers' interest in the fund has naturally tended to fluctuate with the performance on the country's stock exchanges. For instance, 1975 was an excellent year, while 1973 was less than dazzling. The collapse of 108 perhaps unfairly tarnished the image of mutual funds as a whole, but with the majority of German funds backed by the universal banking system, memories of the past serve as a small distraction.

The year before last was one of the worst on record for the German investment fund industry. For the first time on record the Bundesverband Deutscher Investment Gesell-

schaften (BVI) which has a membership of 80 funds, reported that its members had suffered more withdrawals than inflows.

Things picked up towards the end of the year, however, and December saw the highest level of demand in the whole 12 months. Performance during 1975 improved greatly, and the BVI jubilantly reported at the beginning of 1976 that savers appeared to be changing their traditional forms of saving. The mutual funds, it said, were now being seen as a profitable alternative to other cash investment media.

The BVI's membership declined from 85 in 1973 to 82

by January last and now stands at 80. This was the result of rationalisation and mergers, and appears to justify the BVI's optimism.

ling popularity. In January this year it was clear that the upturn was well under way. Sales of certificates rose from December's DM230.7m. to DM280m. (€71.1m.)—a far cry from the meagre sales of DM92.9m. in January the year before.

Prospects still seem bright despite the recent heavy declines on the Federal Republic's stock exchanges. In August the BVI reported that sales of certificates were relatively un-

affected by stock exchange uncertainties and figures for September just published are not an indication of dwindling popularity.

## Scepticism

Some observers may have treated the BVI's August report with some scepticism, as it showed sales of DM134.9m.—32.5 per cent. below June's DM229.5m. The report explained this by saying that in July no major dividend payments had been made and investors had therefore had no earnings to reinvest. It also pointed out that performance was measur-

ably better than in July 1975, small proportion of the country's saving deposits. But providing they can out-perform the relatively low rates of interest offered on savings accounts, their potential is enormous.

Between 1974 and the end of 1975 the number of savings accounts with the private banks rose from 14.1m. to 15.5m., according to the Bundesverband Deutscher Banken. This means that one in every four citizens of the Federal Republic has an account with a private bank, and the figures exclude the accounts with local authority and Länder-backed banks.

At the end of 1975 savings on deposit with the private banks totalled DM50.4 bn. and by the end of last year they had risen by 35 per cent. to DM67.8 bn. (£17.21 bn.). During the same period the average sum in each account had risen by DM850, or 25.4 per cent. to just under DM4,200 (£1,065). In all, this constitutes an enviable market, ripe for the tapping.

G.H.

## STOCK MARKET

## Gearing for growth

A typical stock market index that the Commodity which the German financial index of the prices of world can associate indistinctly German shares should with "the market."

German industry has developed its own way to finance itself and that way is not through the issue of shares. The number of public companies (public but not necessarily quoted) is still shrinking and is now down to 2,200 compared with 2,580 in 1960 and around 5,000 in 1928. A large part of German industry is in private hands. Financing in the post-war era has been dominated by bank debt and ploughed-back earnings. Because the 1970s have been lean years for earnings, the debt ratios of German companies have risen to the point where share capital now accounts for only 30 per cent. of the balance sheet total of the average company.

So the Government has now brought in a reform that is designed to make it more attractive for entrepreneurs to choose the Aktiengesellschaft, the share-issuing company, as their company format. This should have the long-term advantage of giving German industry a more solid capital base. It is also designed to make shares a more attractive investment for the man in the street. This in turn could and should spread the very concentrated ownership of German industry, and make the bourses livelier.

## Dividend

Until now — in fact until the beginning of next year when the new tax regulations go into effect — dividend income has been taxed twice over, once with corporation tax and then with the income tax of the shareholder. A public company paid company tax of 24.56 per cent. on distributed profit and 51 per cent. on retained profit. Under the new regulation retained profit will be taxed at a rate of 56 per cent. Profit distributed as dividends will be taxed at 36 per cent. taken from the company, but this money can be set against income tax by the shareholder.

The loser from this complicated adjustment is the foreign shareholder. He has no right to cash in his tax coupon, and he suffers from the fact that the rate of tax on distributed profit has risen. Despite a considerable amount of protest, the Finance Ministry could not see its way to arranging some relief for foreign shareholders. The only hope is that double taxation agreements will be altered in a way that will allow him, one day, to get his extra German tax burden against his home income tax. In the meantime this tax reform has dampened a considerable source of stimulus for the German stock market. It will be interesting to see what effect it has on the flow of new issues in the German bourses.

Last year was, by German standards, a very active one for new issues. The combination of a rising post-recession market

and the obvious need for financial consolidation in industry put DM5.3bn. nominal worth (market price DM7.5bn.) of new shares into circulation, increasing the nominal value of all German shares outstanding to DM73.8bn.

The proportion of these shares owned, or held for customers, by West German banks was DM42bn. at the end of last year. Of this total the banks owned DM5.5bn. themselves—a considerable amount by British or American standards — individuals owned DM12.2bn., investment funds DM2.4bn., insurance companies DM1.4bn., German non-financial companies DM10.8bn., foreigners DM4bn. and "others" DM5.7bn.

The tax reform should, moreover encourage another system by which shares come into the hands of the public. In introducing this legislation the Government specifically mentions its benefits for "worker-shareholder." It is part of the strategy of the Social Democrats to put more of the capital of German companies into the hands of those who work for them. Already there are around 500,000 worker shareholders in Germany, with participation in 66 companies; Siemens alone has 100,000 worker shareholders, and they account for over 8 per cent. of the share capital of the company.

Unfortunately for the prospect of a more liquid and less institutionalised stock market, the main thrust of Germany's current efforts to put industrial assets into workers' hands is directed through the so-called Vermögensbildung plan. In this scheme part of a company's profit is tapped off into a fund owned by the workforce. As things stand at the moment the worker will have no choice how this money will be invested but will have this decision taken for him by a centralised trust administration. So even if these funds buy shares they will be just another institutional presence in the stock market.

N.C.

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## WEST GERMANY XII

Successes in nuclear engineering . . . problems in selling it abroad . . . politics and the aerospace industry . . . co-operative ventures . . . the Airbus project . . . the computer industry as it tries to catch up . . . State support . . . telecommunications and the need to develop the home market . . . Post Ministry caution.

## NUCLEAR INDUSTRY

## Growth still largely independent

AFTER POURING a total of DM1bn. into nuclear research and development, West Germany today has a nuclear industry equal to any in the world. Indeed, aside from the difficult choices that must be made in apportioning funds between the theoretical nuclear systems of the future, technology is no longer the key factor in determining the prosperity of the German atomic industry. The problems today are mainly those of the politics of nuclear exports and, at home, of mounting environmental constraints.

It is estimated that the German nuclear industry currently employs 40,000 people. This is about the same number as are employed in the German aerospace industry. The two most important companies in the field are Kraftwerk Union, a jointly owned subsidiary of Siemens and of AEG-Telefunken, and BBR, the combination of Brown Boveri and Babcock and Wilcox. As they are set up at the moment these two concerns have the capacity to produce eight atomic power stations of 1,200MW capacity a year—six from KWU and two from BBR.

The current installed capacity of nuclear power in West Germany is 3,500MW. In the wake of the oil crisis it was initially planned to boost this figure to between 40,000 and 50,000MW by the middle 1980s. But with the time needed to gain nuclear planning permission and to fulfil increasing safety criteria growing ever longer, it is now clear that a total capacity of 35,000MW by 1985 is the most that can be aimed for. The German market is thus only going to be good politics and nuclear exports for between two and three units

year on this basis. The remaining five or six units must be sold abroad. Kraftwerk Union already has an impressive total of 26 nuclear generating "blocks" on order, with a total value of DM30bn. This makes this company the most sought-after nuclear contractor in the world after Westinghouse and General Electric in the U.S. This order book, however, has already led to criticism of West Germany's nuclear export "morality," and it is clear that international politics, as much as business acumen, are going to determine KWU's level of foreign business in the future.

## Precedent

Last year KWU played a key role in the negotiation of an immense nuclear deal between West Germany and Brazil. This provided for the erection, between now and 1990, of light nuclear power stations, two of which have already been firmly ordered, and for the transfer to Brazil of a complete fuel cycle technology, including uranium enrichment and spent fuel reprocessing. The deal led to loud complaint from the U.S. because it cut across the American principle of supplying power plants but not fuel technology. To what extent this complaint was due to American commercial disappointment rather than fears about nuclear proliferation must remain open to conjecture. The fact remains that the Americans are sensitive to the precedent set by German nuclear exports, and that Bonn will be restrained by awareness of this.

Another example of the inseparability of international politics and nuclear exports came early this year when South Africa accepted a French tender from Framatome for the construction of two nuclear power stations. Until this surprising news broke it had been assumed that KWU had the deal in the bag. The South Africans dropped the German tender because they were piqued by German Foreign Minister Genscher's outspokenness against South African apartheid. This year has seen increasing German public discussion of the problem of reprocessing nuclear fuel after use. It was the German agreement to sell reprocessing technology to Brazil that angered the Americans, for it is this technology that threatens to put plutonium and bomb-making ability into the hands of buyers. One solution could be international fuel processing centres under the control of the International Atomic Energy Agency. Both West Germany and the U.S. are in favour of this idea in principle, but the practical difficulties are great. In the meantime there remains the distressing possibility that it is the country offering reprocessing technology that will receive orders for nuclear power plants from the less developed countries. In the short term, spent nuclear fuel from the sort of pressurised water reactors now becoming standard in West Germany can be stored. In the longer term such storage becomes dangerous as well as uneconomical. The internal German nuclear programme is becoming increasingly vulnerable to the charge that it has not devoted enough attention to the problem of reprocessing—that, as one German newspaper put it, "planes are being allowed to take off with little idea of where they will land." There is a plan to build a

nuclear fuel reprocessing plant in Lower Saxony at a cost estimated between DM5bn. and DM8bn., an immense amount of money. So far the location has not been decided upon. The idea would be to lower the final waste into salt caves directly below the plant. The plant is tentatively scheduled to come on stream at the end of the 1980s. It would have the capacity to deal with the spent fuel from about 50,000 MW of atomic power stations—about what Germany should have by that time.

Meanwhile the German Government is devoting substantial funds to the development of the next generation of nuclear reactors. The two main projects here are the building of the SNR-300 fast breeder reactor and the 300 MW Schmeibhausen high-temperature "pebble bed" reactor. These are two of the most expensive programmes in the whole catalogue of German Government research spending.

## Inflation

The SNR-300 is being built by West Germany, Belgium, the Netherlands and Luxembourg, with the manufacturing consortium being headed by Interatom, the wholly-owned subsidiary of KWU. The site is at Kalkar near the Dutch-German border. The project was started in 1972, with an estimated completion date of 1981 in mind. The original cost of the project was set at DM1.5bn. This has since been inflated to an estimated DM2.3bn., partly due to the overall rise in costs and partly due to more stringent demands by the licensing authorities.

Largely because of the fast rising cost of "going-it-alone" in this field, West Germany has

now concluded an agreement with France to pool the know-how coined from the SNR-300 project with the considerable French expertise in the fast-breeder area.

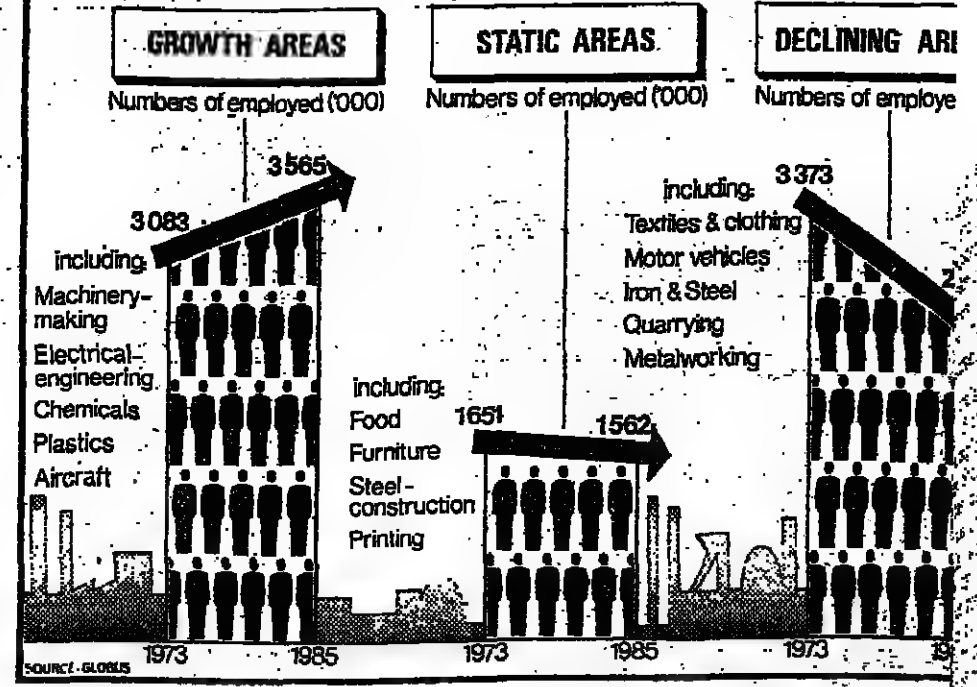
West Germany has a rather lonely and exposed position in the construction of high-temperature reactors because its major project, the 300MW pebble bed reactor at Schmeibhausen, is now two years behind schedule and has almost doubled in estimated cost to DM1.5bn., and because the Americans have pulled out of the game. This pebble bed reactor is being built by Hochtemperatur Reaktorbau, a company jointly held by Brown Boveri and the greatly-troubled General Atomic of the U.S.

The German Government has also negotiated an agreement with France for co-operation in the high-temperature field as a sort of mirror image of its agreement in the fast breeder area. Unfortunately, French enthusiasm for the high-temperature reactor does not seem to be great, and so far it appears that Germany will have to soldier on alone. Atomic power experts in Bonn insist that the Schmeibhausen reactor will be completed. But, although technically elegant, this project has an almost fatal flaw. The high-temperature reactor is sardined ultimately to produce process heat rather than electric power, but the Schmeibhausen reactor is designed to produce the latter. Meanwhile work on the helium turbine—a logical component of the helium-cooled high-temperature reactor—is to be used to generate electricity—has been curtailed for shortage of funds.

N.C.

## STRUCTURAL CHANGE OF EMPLOYMENT IN GERMAN INDUSTRY

(Estimated development of manufacturing industry from 1973)

AEROSPACE  
Co-operative effort

LIKE THAT of the German atomic industry, the future of the German aerospace industry is bound up more with politics than with technological or business acumen. Remarkably few of the German aerospace industry's post-war successes. On the civil side the industry is in the grip of quasi-political manoeuvring designed to create a European aircraft industry either in co-operation with, or in competition with, U.S. industry. On the military side there can be little doubt that German aerospace would already have achieved some notable export successes were it not for government restrictions on the sales of German weapons abroad.

So distant from commercial reality has the German aerospace industry become that the Government recently undertook a thorough study of it to see whether the business was worth pursuing. Inevitably the answer produced by Secretary of State Martin Gruener was that it was. The industry was a technological hatchery. It could not be shut down without foreign political consequences, it already employed too many people to be stoppable; those, in brief,

were Dr. Gruener's conclusions. The latent aeronautical grime in which German engineering skill that remained in West Germany after the war was so great that there was no way in which the industry could have been prevented from resurrecting itself after the ban on it was lifted in 1955. To-day the industry is one of the big three in Europe. It employs 53,000 people and has a turnover of DM4bn. In three aircraft companies—MBB (Messerschmitt-Boelkow-Blohm), VFW (Fokker, and Dornier), and two engine manufacturers, MTU (Motoren und Turbinen Union) and KHD (Kloekner-Humboldt-Deutz).

One could almost call the entire industry a giant government-sponsored research and development programme. No disadvantage of VFW-Fokker, and Dornier, and two engine manufacturers, MTU (Motoren und Turbinen Union) and KHD (Kloekner-Humboldt-Deutz). The industry's sales or revenues are paid for by the taxpayer. The largest area of spending is on military equipment, which accounts for 39 per cent of the industry's turnover. The main projects here include the immense multi-role-combat aircraft (MRCA) project which will make a key contribution to 47.5 per cent participation at MBB and MTU through Deutsche Airbus over the next decade, the holding company in which

Franco-German Alpha Jet, and a series of projects which account for 24 per cent of the industry's turnover. It is singular that it is the military area of production where the case for government support is greatest. On the civilian side, there is the constant

take place and justify money that has been poured into each development. The disadvantage of VFW-Fokker, and Dornier, and two engine manufacturers, MTU (Motoren und Turbinen Union) and KHD (Kloekner-Humboldt-Deutz). The industry's sales or revenues are paid for by the taxpayer. The largest area of spending is on military equipment, which accounts for 39 per cent of the industry's turnover. The main projects here include the immense multi-role-combat aircraft (MRCA) project which will make a key contribution to 47.5 per cent participation at MBB and MTU through Deutsche Airbus over the next decade, the holding company in which

CONTINUED ON NEXT PAGE

## Salzgitter

### Salzgitter thinks in world-wide terms

Salzgitter AG has assumed a leading position among German companies in East-West trade. The location of some vital establishments of this government-owned industrial group on the eastern edge of the European Community is very advantageous. Salzgitter's export share to the state-controlled trading countries far exceeds the average of all other West German enterprises. While the Federal Republic reported an Eastern Bloc trade share of about 8 per cent in total exports made in 1975, Salzgitter's supplies to COMECON countries in the same period accounted for about 37 per cent of its total export sales, amounting to DM 2.8 billion.

Salzgitter is the name of a young industrial town, one of the Federal Republic's 62 major towns. Covering an area of 218 square kilometres with 120,000 inhabitants, the town of Salzgitter exceeds in size the stock exchange metropolis of Frankfurt-on-Main.

What is more, Salzgitter is the name of an industrial group, ranking among the top 20 companies in the Federal Republic in terms of turnover, with some 56,000 employees producing goods and services worth about DM 10 billion. Stahlwerke Peine-Salzgitter AG, the largest subsidiary of the Salzgitter Group, produced 4.3 million tons of crude steel, in the last business year thus maintaining its share of around 10 per cent of German steel output.

Howaldtswerke-Deutsche Werft AG—another company of the Salzgitter Group—is among the front runners of the 10 largest shipyards in the

world. In addition, the Salzgitter Group incorporates a rolling stock factory, several steel construction and mechanical engineering companies, a deep drilling company, industrial planning and plant layout enterprises, as well as several trading and transportation companies.

What applies overall to German industry, applies to Salzgitter as well: exports go to almost every country in the world. Shipments to state-controlled trading countries and to America, Africa and Asia are much the same in volume. The remainder goes to the countries of the European Community and the former EFTA. Eastern countries have a tradition of dealing with Salzgitter, dating back to the fifties when rolled steel supplies and large-scale orders in the shipbuilding and chemical industries—so far eight "turnkey" plants—had already been supplied to the USSR. Shipbuilding business with the Soviet Union, too, draws upon years of experience. Deliveries by the Salzgitter Group to the state-controlled trading countries comprise large-diameter tubes, mining machinery, transport facilities for container shipment, and equipment construction products.

One tangible proof of the ever expanding commercial relations between the Federal Republic and the Soviet Union, which has attracted much public attention, is the integrated steelworks of Oskol in the Kursk area. "This project," reports Hans Birnbaum, Chairman of the Board of Salzgitter AG, "in many respects sets new and innovative standards. In practical terms,



This past July, the billion-DM Kursk project entered its crucial stage. The preliminary work done by the German partners had gone ahead to the point where Salzgitter Chairman, Hans Birnbaum (second left), could hand over, in Moscow, 25,000 closely printed sheets of paper containing the feasibility study on the steelworks.

the Kursk project will not only involve the building of a sophisticated metallurgical complex the size of our Peine-Salzgitter AG works 'on the green fields', it will also adopt a new process, direct reduction, which will be used for the first time on a large industrial scale.

This venture into an unknown technical field entails of course a number of risks, but it also presents the opportunity for gaining new technical know-how to be used on a world-wide scale. The Kursk project is too large in size to be designed and implemented by one enterprise solely, and five big German concerns have joined the consortium; besides Salzgitter are

Krupp, Korf, Siemens, and Demag. The entire German equipment industry and some European enterprises will participate in the expected huge scale of supplies which will be needed.

The Salzgitter Group is well known for its world-wide commitment, covering exports of finished products and technical know-how as well as imports of raw materials and manufactured products. The Group maintains relations with the world trading centres. Salzgitter's wealth of experience and expertise makes it a reliable partner.

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## COMPUTERS

### Ground to make up

APRIL this year Anker-100, a 100-year-old family that once dominated the computer register business, was declared bankrupt. The reason for its failure was its inability to adapt to the electronic age.

It is unfair to say that the demise of Anker-100 was a sign of the bankruptcy of the computer industry. Since the late 1960s, the industry has been aware of certain areas of its weakness, and has been working to overcome them. The fact remains that the industry has yet to develop a strong position in electronics that is on a par with that of the U.S. or Japan.

At the beginning of 1975, the computer market in Germany was valued at 1.5 billion DM. By the end of 1977, it had grown to 2.5 billion DM. This growth was due to the fact that the computer market in Germany was still in its infancy, and there was a large amount of ground to make up.

accounts for less than 1 per cent of German industrial production. The computer market in Germany may be crudely divided into three areas — general purpose computers, mini-computers, and process control computers — with the immediate warning that the distinctions between the three areas are blurring at a surprising speed. In the first area — which is dominated by IBM — the German Government and Siemens, the only German company in the field, have made efforts to recover from the blow which fell when Unidata, the European computer venture, collapsed with the withdrawal of the French in 1975.

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area is basically a holding action, to serve the market until it is clearer what the future will bring.

The Government is probably more confident in its support for the small computer business. This is labelled as a faster growing business than that of the larger computers and, being a younger business, Germany has not got into the market that late. More than half of the output of German companies in this area has gone abroad. The largest company, Nixdorf, already has a computer turnover half as large as the computer turnover of Siemens.

Because of the growth potential in the small computer market, and because these machines offer the best prospect of bringing the advantages of the computer into small companies and to the workshop, the Government is going to support research and develop-

ment of them with roughly the same amount of funds that it devotes to the development of larger machines. It would clearly like to see more co-operation between a German maker of small computers and Siemens.

The Government's programme makes it clear that it fears for

the continued existence of some of the German small computer manufacturers in the face of article. IBM's massive sales drive with a new small computer system — the System 32. Another source of insecurity, it feels, is the growing dependence of German small computer manufacturers on manufacturers of sophisticated electronic components.

make obsolete the classification of computers touched on in this article.

Comparative figures show how Germany has had some catching up to do. In 1973 the world market for electronic components was the equivalent of DM44.4bn., of which America accounted for DM13bn., Japan DM9.5bn. and Germany only DM3.7bn. By the same token Germany's semi-conductor sales did not really feature at all before the mid-sixties while America's had been booming themselves. It is the testing since the beginning of that decade in the business of integrated circuits, which first became commercially important in computers on a single chip of the mid-sixties, America's sales have gone up like a rocket.

leaving Germany's far behind. The Ministry of Technology has a four-year programme of DM280m., aimed at supporting German research in the electronic component field. However, German industry is so aware that semi-conductor technology is vital to continued industrial success that there is now no lack of private effort aimed at closing the "technology gap" with the U.S. Siemens, for instance, has signed a "second source" manufacturing agreement with Intel, one of the leading microprocessor companies in America, and AEG has a similar arrangement with Rockwell.

N.C.

## TELECOMMUNICATIONS

### Worthy but uninspired

ED WITH the development of the electronics industry, the telecommunications industry is also developing. Already, companies like Siemens, SEL and Telefunken have developed a substantial overseas business in telecommunications. At approach, to telecommunications equipment is already equal to one-fifth of total capital investment in the economy.

## AEROSPACE

CONTINUED FROM PREVIOUS PAGE

65 per cent, stake and civil aircraft programmes. The Fokker rest. Tech-VFW-614, a 44-seater jet attracts a particular amount of adverse comment, but at the same time before it can be called a success. So far there have been 10 orders and 23 options: the industry is to be pruned over the next four years it will most probably be along the lines laid down by Gruener in his report. He suggested that there is Government overcapacity in the industry, particularly in the development of the area of space research. He also suggested that there is a lack of commercial leadership in the industry, and that the industry suffered from a lack of joint venture arrangements with foreign governments into programmes.

An answer to the last criticism could lie in Panavia — the project management company set up to manage the MRCA programme. It has, by all accounts, acquitted itself well in co-ordinating the efforts of three national aircraft industries in producing the final product. Panavia's expertise could be useful for future international aircraft projects, civil as well as military.

rather lacks imagination.

The visitor from America is struck at once by the lack of push-button phones in a society that seems absolutely up-to-date in the rest of its consumer products. All German home telephone equipment has a 1950s look to it, and office telephones are still the size of refrigerators. No one has heard of a telecopier: a long-distance phone call is still quite a luxury.

These may sound very subjective impressions, but they are borne out by the report of a Government commission published at the beginning of this year. The commission found that Germany was still low down in the scale of nations when it came to a comparison of phones per household. It found that the existing telephone capacity was underutilised at many times during the day and suggested that this capacity would be better used in a few ways of using telephone connections were introduced.

Whereas in the U.S. some 97 per cent of the population live in a house with at least one phone, the proportion in Germany is only 54 per cent. At the same time the commission found that the vast majority of Germans thought a telephone was a very valuable thing to have.

The commission recommended that the German Post Office make an effort to increase the number of households using phones. In its answer to this recommendation the Post Ministry said that the commission had not paid enough attention to the economics of the Post Ministry — where telecommunications subsidises letter mail. However, it promised to promote the use of telephones and to keep the cost of using a phone roughly constant from now on. The commission also found that only during one period of the day — between 8 a.m. and

12 a.m. — is the use of the German telephone system's capacity over 90 per cent. It recommended that the Post Office boost utilisation by introducing two existing forms of text and information transmission, the teletypewriter and the telecopier.

It pointed out that the teletypewriter — which transmits over telephone lines — works four times as fast as a telex machine and allows the transmission of all the figures on a typewriter keyboard. It pointed also to the speed and labour saving inherent in desk-to-desk transmission (eliminating the type-written script that is carried to a telex operator). It forecasts a large instant market for the system.

### Telecopier

The commission also foresaw a market — though smaller — for telecopier machines, machines which transmit a photocopy over a telephone line, particularly for the transmission of documents, plans and manuscripts.

The Post Ministry's answer to these recommendations was stamped with caution. The Ministry said it was basically ready to introduce a telecopying and a teletyping service as soon as international standardisation had been achieved in both fields.

This is a worthy argument, particularly when the taxpayer's money is required for the necessary investment. From the point of view of Germany's chance for leadership as a world supplier of telecommunications equipment it is less inspiring however. Innovation involves risk, and standardisation is the risk taker's reward — as AEG-Telefunken confirmed with its PAL colour television system.



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## INDUSTRY

## WEST GERMANY XV

## MOTORS

## Strong recovery at home

GERMANY's prolonged motor car sales are buoyant. The motor car industry has been so strong that one of the country's leading economic research institutes has had to revise its car-ownership forecasts upwards.

The Deutsche Institut für Wirtschaftsforschung originally predicted that a figure of 336 cars for every 1,000 residents would be reached by 1980. Now it seems that the West Germans will hit that magic number by the end of next year.

Steadily spiralling car prices appear to have had little effect on sales. Between 1970 and 1975 they rose by 38 per cent—a reasonably strong upward movement considering the country's creditably low inflation rate.



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However, the motor companies point out that during the same period railways fares in the Federal Republic have gone up by some 61 per cent, while other public transport charges have risen 53 per cent.

## Recovered

But if home sales have been strong, the reverse is true of the exports. This year sales abroad have recovered from the low levels of 1975 but they are still far from satisfactory. Dr. Johann Heinrich von Brunn, President of Germany's Motor Industry Association, has warned it was unlikely that there will be any major investment in increased capacity until exports show a clear sign of picking up.

The German motor car industry's export performance seems likely to remain in the doldrums for some time to come. Although commercial vehicle exports appear to be pretty satisfactory, car sales have been hard hit by the rapidly rising value of the D-mark.

Wage costs in the German car industry are virtually on level pegging with those of Detroit, yet car manufacturers in the Federal Republic do not enjoy the advantages of the long U.S. production runs. Despite considerable improvements in other

export markets, German sales in the vital U.S. market remain not only depressed, but in decline.

Last year unit sales of German cars in the U.S. dropped 22.2 per cent. from 1977's 584,000 units to 462,000. This year the plunge has continued. The decline has come entirely at the popular end of the market—in other words, Volkswagen's sales have virtually fallen to pieces. Demand for the up-market Daimler-Benz and BMW models remains strong.

During the 1960s and early 1970s, VW virtually controlled the U.S. small car market, but the decline of the dollar's value from DM4 to to-day's about DM2.5 pulled the carpet from underneath it. It was perhaps unfortunate that the oil crisis should have coincided with the rise in the D-mark's value, but in real terms it only hastened a process that had already begun.

In 1970 Volkswagen sold 570,000 of its ubiquitous Beetles in the U.S. market, but by 1974 its unit sales had slumped to 335,000. The attrition continued last year and sales fell by a further 22 per cent. to 260,000. This drastic decline accelerated during the later months of 1973 despite the introduction of the American version of the Golf.

In September, for instance, deliveries were off by 42 per cent. compared with the previous year, while in November they were down 49.1 per cent. Performance in 1978 has failed to halt the slide.

Undoubtedly Volkswagen itself is largely to blame for its situation. Its decision to build an assembly plant in New Stanton, Pennsylvania, announced in July, should have been taken years ago. Now it seems the go-ahead—delayed by union opposition and management pussy-footing—may have come too late for it to rebuild even a shadow of its former dominance.

## Inroads

Volkswagen already faced strong competition in the U.S. from the Japanese well before the oil crisis, and in the past 12 months Japan's products have been making deep inroads into the cheap imported car market. Furthermore, Detroit, goaded by fears for its sales and heavy pressure from the environmental lobby, plunged into the small car market.

There is only pyrrhic comfort to be gleaned from recent indications that Detroit and the environmentalists got their figures wrong. The U.S. motorist seems to have discovered that

there is not much in the way of fuel savings to be gained from a small engine revolving about twice the rate of a unit twice its size to generate the same amount of speed. Added to this, the large U.S. standard car provides far more comfort for not vastly more money than the small U.S. or European models.

Exports in the first eight months of the year were 25 per cent. up on last year's levels. Some 1.13m. cars were shipped abroad compared with 893,126 in the same period of 1975, while commercial vehicle exports rose from 114,104 units to 128,500 units. Despite this improvement export sales are still expected to be a full 400,000 units below the 1973 figures.

In the immediate future commercial vehicle sales seem set to remain strong both at home and abroad, but the future for the car sector looks rather less than bright. The German car makers seem to have little to fear in the home market while the "Made in West Germany" label still rides high, but overseas the strong D-Mark, coupled with Japanese sales methods, has created obstacles that will not be easy to overcome.

G.H.

## MACHINERY

## Bad years and good

RECESSIONS come and recession downturn.

There were few people who thought that the pattern would be different during the recent downturn. Observers waited with bated breath for the massive outpouring of cash to begin. But it never really started.

and improving productivity.

The past couple of years have been thin ones in the home market for West German machinery. The export market has been relatively buoyant for one should hasten to point out some, but the widely predicted upturn in capital investment at home has failed to materialise. Machinery manufacturers are still glumly waiting for the upturn, while heavy plant producers believe that this year it will be difficult to top last year's new order total of DM13.07bn (£3.32bn.).

In real terms, the situation should cause no great surprise. Last year the order position improved reasonably satisfactorily—considering that the West was in the throes of its worst post-war recession—until the half-year mark. The thrust came from the home market as industrial concerns took advantage of the West German Government's investment incentive scheme.

As soon as incentives were taken off, however, the market fell to pieces. Understandably so, as much of the investment was relatively speculative, and prompted only by the savings the Government's scheme had to offer. The problem has been that in many areas recovery is likely to be slow in the foreseeable future. Production industry has been concentrating on rationalisation measures rather than expanding already heavily under-utilised production capacity.

## Capacity

In the chemicals sector, the recovery is already well under way. Capacity, however, is still far from fully utilised and in certain sectors, such as fibres, output is running at unacceptably low levels. Much the same situation exists in the automotive industry. The domestic market has strengthened substantially but overall sales remain well below 1978's record levels. The consumer durables sector is still weak, with not a sign of anything more than a patchy pick-up around Christmas on the horizon.

The textile sector, although rather healthier than a year ago, sees its main problem as utilising capacity already available rather than extending it. In the construction sector, things are almost as bleak as they were a year ago, while the shipbuilding industry is facing a downturn that is expected to last at least until 1980.

This general lack of demand for the machinery and capital equipment sector has cast a chill over the steel industry. Some

two out of every three tonnes of steel produced are destined for the plant and machinery builders. With the machinery and equipment manufacturers still feeling the pinch, the steel makers—themselves large customers for capital equipment—are operating at well under optimum capacity.

Although this appears to be a pretty bleak picture of the Federal Republic's prospects, one should hasten to point out that its balance of trade is still in surplus and that it appears to be recovering from the recession faster than most of its competitors. However, for West Germany, at least, the recent downturn was radically different from the previous post-war recessions. For a start, none of the other post 1945 downturns have been quite so serious as the one just suffered. At the same time, it occurred at a time when the Deutsche Mark was at a peak in comparison with the value of the currencies of its competitor nations.

## Recession

West German industry was already well-equipped when the recession descended and many concerns were caught with investment programmes in hand that could not be halted. Furthermore, the strength of the German recovery also brought with it problems in the shape of the rapidly increasing value of the D-Mark. To-day, the Federal Republic's workforce is among the highest paid in the world, while the social benefits employees enjoy put a further heavy burden on their employers. It is small wonder, therefore, that industrialists are most concerned with getting a greater output per head than extending production capacity.

Investment in rationalisation, naturally, provides fewer pickings for the capital equipment makers but only through the improved utilisation of present capacity will West German industry be able to compete with its overseas competitors. Already a number of sectors, including the steel industry and the machinery sector itself, have had the unusual experience of feeling the effects of competition in the home market.

In June this year the country's heavy plant manufacturers called on the Government to provide better long-term financing arrangements and state guarantees to help German concerns combat Japanese penetration of their markets. Such measures may well be necessary, but, in real terms, the industry is facing nothing more than the facts of life already well-known to their competitors in other industrialised nations. The capital equipment business, at home and abroad, is cyclical by nature, and for West Germany too, is likely to remain so for the foreseeable future.

G.H.

## INVITATION

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originally promoted and established in Batala City (India) in the year 1932-33 as a public corporation with a meagre paid up capital equivalent to 1200 US Dollars by Mr. C. M. Latif, who was its Managing Director and Chairman right from March 1933 till 3rd January, 1972.

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G.H.



## WEST GERMANY XVI

Chancellor Schmidt returned to power . . . majority sharply reduced in a high poll . . . political cross-currents increase in strength . . . basic stability not threatened . . . obsession with internal security increasingly anomalous.

## AFTER THE ELECTION

## Coalition rule survives

ON THE MORROW of the SPD loss 3.7 per cent, of the general election just two weeks ago, West German politicians awoke to a new alignment of party strengths the full meaning of which continues to be the subject of considerable speculation.

The voters had returned Chancellor Helmut Schmidt to power but had cut the Parliamentary majority of his Social Democratic-Free Democratic coalition from 46 to eight. They had deserted the coalition parties in sufficient numbers to leave as the largest grouping in the Bundestag the Christian Democratic opposition—which failed only by a hair's breadth 1.4 per cent, of the popular vote to secure an absolute majority.

Chancellor Schmidt has confined his comments on this changed situation to the succinct observation that "a majority is a majority" and has tried to give the impression that business will be carried on as before. His Foreign Minister and coalition partner, Herr Hans-Dietrich Genscher, has reaffirmed his party's commitment to stick with the SPD and has firmly turned down all overtures from the CDU leader, Herr Helmut Kohl, for a change of coalition partners.

Herr Kohl, having asserted his "moral right" as leader of the largest party to be given the chance to try to form a new government, has now to consider the various different strategies that might break the coalition apart and force the FDP to reconsider. Meanwhile, the man who could claim to have gained more ground than anyone else has found himself unexpectedly under attack from the Right wing of his own party.

The coalition has now endured for nearly eight years, and it is worth recalling that it originally won office under Herr Willy Brandt and Herr Walter Scheel with a majority of only 12. The 1976 election saw the

with the unions, which stand outside the SPD, and his ability to persuade them to accept an essentially liberal economic policy that currently calls for renewed wage restraint while corporate profits are allowed to shoot upwards in the interests of financing job-creating new investment. That has been a masterly balancing act. Yet the union leaders have not found it easy to sell this to their members, and the new vulnerability of the coalition government raises the question of how far they will feel able to continue to support such a seemingly capitalist order of priorities.

Earlier this year, the Workers' Co-determination (or *Mitbestimmung*) Bill was offered as one gesture to the German unions, although they were not entirely pleased by its final form. The next major initiative may come from the coalition on the question of giving workers a financial stake in the companies that employ them, known in Germany as asset accumulation, or *Vermögensbildung*.

That has led to undisguised differences between the Chancellor and the Left-wing of the party, which were put to one side during the election campaign but could easily come to the surface again. The essence of them is that Herr Schmidt is closer in sympathy to the CDU than he is to many in his own party.

Thus there may be renewed pressure on the Chancellor to reintroduce such measures as investment "steering" and to take reflationary action to reduce unemployment. There may also be a fresh array of Left wing SPD proposals for further extensions of the public sector and of the welfare state, all of which have been held in check during the past two years of budgetary restraint and mounting official deficit.

In the past, Herr Schmidt's strength has been his alliance

coalition Cabinet that the SPD has found itself accused of an acute shortage of ministerial talent. Failure to promote new talent now will also not endear Herr Schmidt to the rest of his party.

But though the FDP in Bonn seems clear enough about renewing the present alliance with the SPD, it has still to face difficult decisions at State Government level about whether to accept coalition invitations from the CDU.

In Lower Saxony last spring, defections from a tired SPD-FDP coalition opened the way to a minority CDU State administration headed by one of the party's brightest young stars, Herr Ernst Albrecht. He is trying hard to win over the FDP in Hanover to a new coalition, and is holding out the bait of softening his resistance to Federal Government policies in the Upper House in Bonn, the Bundesrat, where the opposition now enjoys a 26-18 majority thanks to its domination of the State governments. A similar offer to the FDP has been made by the Saarland CDU State Premier, Herr Franz Josef Roeder.

Finally, there is still uncertainty about the situation in Hesse, where the deeply compromised SPD State Premier resigned last week and has been replaced by Herr Hoelger Boerner, a confident of Herr Schmidt's. It is not yet clear whether he will be able to breathe new life into the SPD-FDP coalition in the State.

So far, the FDP has stood aloof from the Interior firm. And contrary to expectations, it is in fact the CDU which now seems to be having trouble approaching the matter of new coalition alternatives.

The attractions for Herr Kohl of forming new State-level coalitions with the FDP are two-fold. First, he must hope that it would be the start of a

process of eroding the FDP's allegiance to the SPD in Bonn, and thus of engineering the fall of the Schmidt-Genscher coalition in preparation for a new CDU-FDP grouping. Second, the saga of the Polish treaties last March showed Herr Kohl the way to use the Bundesrat as an effective weapon of opposition—though much would depend here on the precise bargains struck with the FDP.

In fact, Herr Kohl has suddenly found himself under attack from the conservatives in his own party, and in particular from Herr Franz-Josef Strauss, leader of the CDU's Bavarian sister-party, the Christian Social Union. They do not like the eagerness with which Herr Kohl set about approaching Herr Genscher, and would prefer to use the Bundesrat as an all-out weapon of opposition with which to make the Government's position untenable.

Herr Strauss has also been making noises once again about dissolving the traditional ties with the CDU and launching his CSU as a national fourth party reaching out to Conservative voters. Never an admirer of Herr Kohl—who won the CDU leadership as a compromise candidate against him—Herr Strauss has clearly been fortified by the record 60 per cent. of the popular vote won by the CSU in Bavaria.

Herr Kohl has decided to give up his post as the State Premier of Rheinland-Palatinate in order to come to Bonn and continue the style of leadership that brought the CDU from a distant second to within a whisker of victory on October 3. That he should suddenly find himself forced on to the defensive against his own party is not the least of the surprises thrown up by the election result. West German politics this autumn and winter should hold the country's interest to a degree that has not been reached in the past few years.

A.D.

## INTERNAL SECURITY

## Legislation backfires

STUNG BY domestic and foreign criticism of the so-called "extremists decree," under which applicants for civil service positions undergo a test of their loyalty to the West German constitution and the "basic democratic order," the West German Government is attempting to undo some of the damage.

A proposed law changing the regulations fell through when it failed to gain the support of the opposition Christian Democrats. The bill was to have put an end to the most blatant loyalty probes and snooping into individual political beliefs after it became clear that the original "extremists decree," backed by former Chancellor Willy Brandt and the leaders of the West German States, had backfired. Since then, the Federal Government has issued its own "principles for the investigation of loyalty to the constitution," putting the extremists law "out of force."

In the Federal Government, according to Chancellor Helmut Schmidt, and in those States ruled by Social Democrat-Liberal majorities.

The controversial extremists ruling has, its earlier backers concede, done little to improve security in the Federal Republic, but in the course of over a half a million loyalty investigations has infringed on the legal rights of West Germans, from teachers to welders and nurses. Bremen's mayor told the Bundestag, the upper house of Parliament, what has resulted from the observation and examination of so many citizens: "The protection of the constitution which is designed to ensure the free political activity of our citizenry has degenerated into a negative idea out of the past of protecting the State. It has led to the withdrawal from politics especially of younger citizens in schools, universities, factories, offices and administrations."

The refusal of the Christian Democrats to go along with the revised extremists law meant that CDU-ruled States continue to operate under the principle that membership of an organiza-

tion considered to be "hostile to the constitution" ruled out a candidate for the civil service. The Social Democrat-Liberal States agree that membership alone is not enough to bar an applicant. It is left to the officials to prove the disloyalty of a citizen and not for him to prove otherwise. Further, it is up to the particular Federal or State office to rule on the suitability of a candidate, and this is not to be decided by West German security offices, which may only offer assistance.

A spate of violations, not only in Christian Democrat States, has been registered by the courts in recent months. In Social Democrat-governed West Berlin, for example, an administrative court has ruled that a teacher whose disloyalty was "suspected" by a city education official because she appealed to the European Human Rights Commission on alleged mistreatment of political prisoners in West Germany would have to be given civil service status.

Whatever the reason, a decline in terrorism, it is conspicuously absent. Minister Werner Machen, that there has been no terrorist act in West Germany since the kidnapping of the Berlin politician Hans Lorenz in early 1976, then, he says, 210 "politically motivated criminals" were apprehended and 28 are by the police. Herr Machen, Liberal Cabinet Minister, coined the phrase: "As freedom as possible, as security as necessary, as the other way around working motto."

The sparse reports of terrorists in West Germany, largely with their appearance in court, such as the sentence handed down in Hamburg found guilty of robbery, belonging to a robbery gang, purchasing the guns, hand grenades and explosives.

They were given prison terms from two to seven years. The 17-month-old trial of Andreas Baader, two other members of the Baader-Meinhof group, Frau Ulrike Meinhof, remembered, was found in her prison cell earlier in an apparent suicide. It has just concluded its evidence and a verdict may be given before the year is over.

Before Radicalism dropped up

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Before Radicalism dropped up

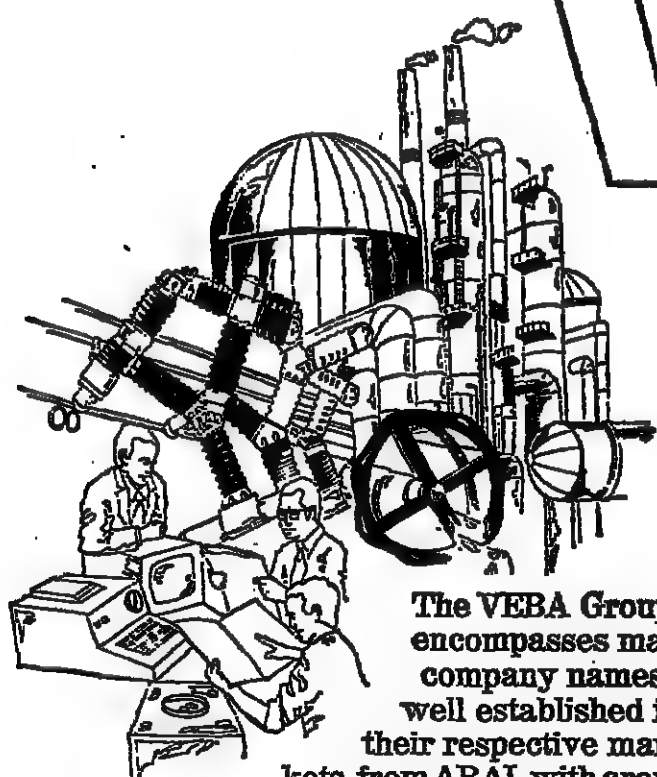
## Specialist

In another recent case, the Federal Office for the Protection of the Constitution investigated a young post office communications specialist who was a candidate for lifetime civil service. The interrogators decided that as a member of the West German Communist Party, which is legal, his "stated belief in the liberal democratic order does not seem very credible." The security officials were acting on behalf of the Post Office and in denying the civil service job to the applicant, a practice not condoned under West German law. The Post Office trade union points out that the applicant could answer each question as to his allegiance untruthfully and still show himself to be a loyal democrat.

At this point it must be said that a growing number of politicians in West Germany recognise the travesty of all this, but the deep-rooted legalistic approach to society in Germany will make change difficult.

# VEBA

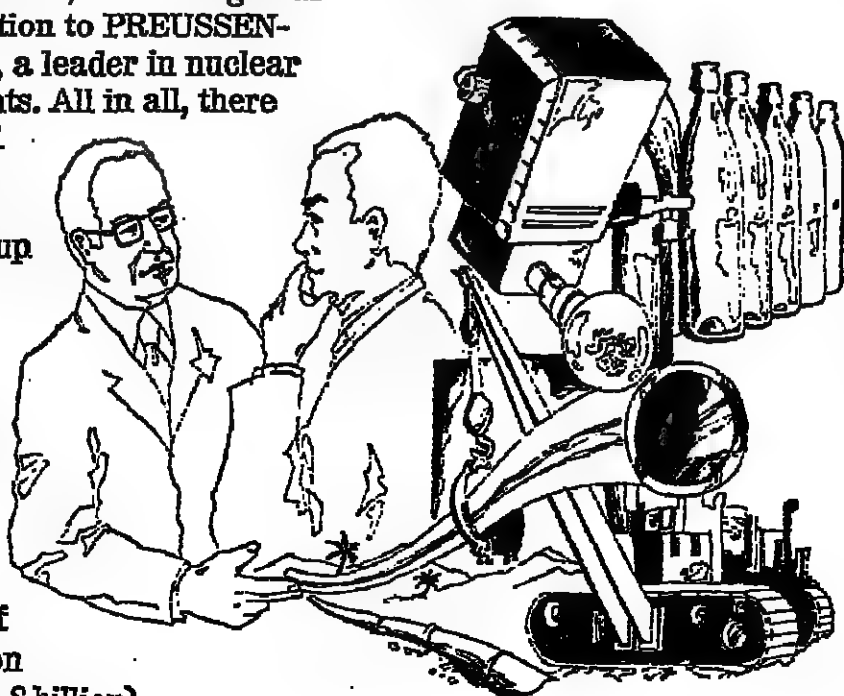
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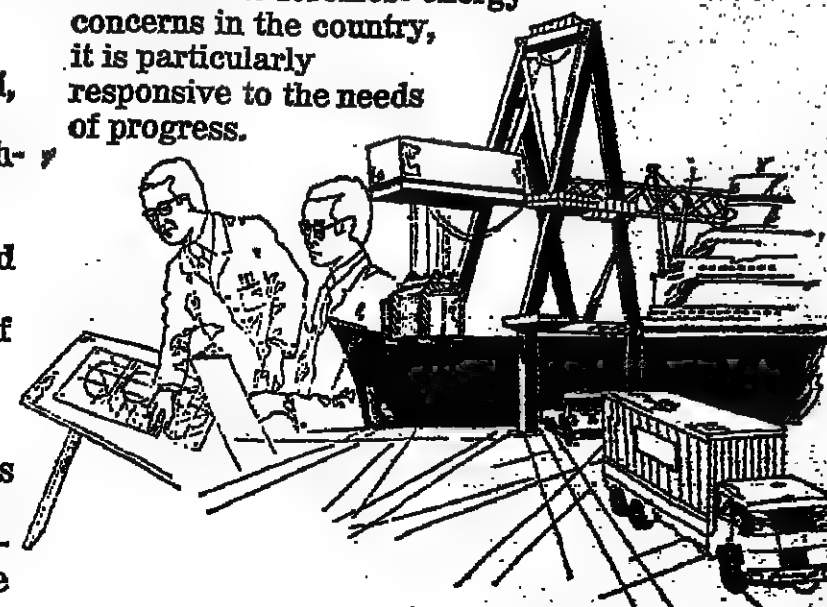
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SECURITY  
in back

# Fighting off the 'spy in the cab'

By IAN HARGREAVES and ARTHUR SMITH

As threatened disputes of lorries over tachographs, the fact that tachographs are fitted to lorries is a fact that takes away from the motor the ability to be faced most completely.

certainly the case with tachographs. Government's to avoid a decision on when to fit tachographs. The EEC directive is not to fit tachographs to lorries over 3.5 tons. The directive is not to fit tachographs to lorries over 3.5 tons. The directive is not to fit tachographs to lorries over 3.5 tons.

Sensing a rebellion in the ranks, the national road transport committee of the TGWU—since January on new British-built lorries, the basic opposition of the unions to the system has been met so far by operators neutralising their tachographs. They do this by fitting a blank disc in place of the tachograph used for recording. This, in effect, makes the device into nothing more than a speedometer.

## Fait accompli

The issues are not complex, although some of the motives of the parties involved may be. The tachograph is an electrical measuring device incorporating a clock, a speedometer and one or more wax discs on which a stylus etches a record of the speed at which a lorry is travelling in the event of an accident and of its value in logging information for calculating fuel consumption.

It is now in use, uncontested, so far as one can gather, in all EEC countries except Britain and Ireland. British operators use tachographs for international journeys without union resistance, but relatively few have fitted them in vehicles used only on domestic trips. However,

because tachographs are fitted as standard on all new European-built lorries and increasingly since January on new British-built vehicles, the basic opposition of the unions to the system has been met so far by operators neutralising their tachographs. They do this by fitting a blank disc in place of the tachograph used for recording. This, in effect, makes the device into nothing more than a speedometer.

But now some drivers, taking a lead from the Ellersmere Port and Midlands men, are arguing that the build-up in the number of inoperative tachographs is opening the way for the Government to bow to the EEC and enforce what would within a short time be virtually a fait accompli.

There are no reliable estimates of the percentage of tachographs in U.K. lorries, but in some fleets, where there is a predominance of imported vehicles, the proportion is as high as 75 per cent.

Mr. Law advances the drivers' two standard arguments against the tachograph. These are that, as the 'spy in the cab', it is an absolute infringement on the personal liberty and integrity of drivers; and that the logging system is inadequate. He also rejects the road safety case by pointing out that Britain has, with the possible exception of West Germany, the best road safety record in the Community.

duce the record would automatically appear to be guilty. More significantly, Mr. Ashwell is concerned that the tachograph will undermine productivity bargaining arrangements by involving drivers in wearisome explanations, probably in writing, of minor delays incurred during a week's work.

He insists that since Dr. John Gilbert, the former Minister of Transport, made what was the most honest statement of the Government's position to date—that tachographs would one day be obligatory in the U.K.—the union's new hardline position is not up for negotiation.

The second possibility relates to a more recent event, the swaying of the transport sub-committee of the EEC Economic and Social Committee, again by

the active Mr. Jones, in favour of tachographs being compulsory only for lorries operating internationally. This, it is said, would meet the EEC's demand for equality of competition in international transport, without treading on the acutely sensitive corns of the TGWU. The sub-committee recommendation will now be debated by a plenary session of the Economic and Social Committee on October 28, and if it is successful there it will move to the full European Parliament in mid-November.

## Conversion

Quite why the TGWU has chosen this moment to shout the odds on tachographs is a matter of opinion and a subject of bewilderment to the haulage operators about to be caught in the crossfire. Mr. Law puts the change down to a survey of Birmingham lorries which showed an "alarming" proportion of tachographs already installed, and to the fact that the new Minister, Mr. Rodgers, is a Labour Right-winger and strongly pro-EEC. Mr. Ashwell says simply that Mr. Rodgers was not prepared to guarantee that he would not implement the EEC directive.

The haulage operators themselves are in a difficult position. They are, through their representation on the Road Haulage Association and the Freight

Transport Association, opposed to tachographs anyway on grounds of cost and lack of necessity, although the Government is not very alarmed by this source of opposition. Now they face the possibility, and in the Midlands the likelihood, that lorries with tachographs will have to be converted to ordinary speedometer operation, a process likely to cost at least £200 a vehicle.

The tachograph manufacturers are also watching anxiously on the sidelines. The two main interests in the U.K., Lucas-Kienzle and Smiths, have recently been joined by a third, the Dundee-based, American-owned Veeder-Root. The industry has had its finger on the production switch (or in the case of Lucas-Kienzle, the import switch) for a long time now and a network of 370 agents qualified to fit and seal tachographs under Ministry approval is ready and waiting for the influx of business which the Government's eventual submission to the EEC has been confidently expected to bring.

The industry still insists that it could meet the demand to supply instruments for an estimated 450,000 lorries if the Government does accept the 1978 deadline, but it is unlikely that the agency network could take the strain of fitting them. The Government has, in any case, decided that it will seek a deferment of the 1978 deadline, even if it decides to go ahead with compulsory tachographs in principle.

The industry's armoury of persuasion turns on the tachograph's contribution to road safety; its role in more effective prosecution of 'cowboys' who do three days work in two by driving non-stop, and the protection it gives the driver in the event of trouble with the



Mr. Alan Law: An infringement of drivers' personal liberty and integrity.

law. Nor has the industry failed to note that this summer a significant number of coaches have been held up on the other side of the Channel because they lacked tachographs. The companies' hope is that the growing pressure from all sides will force the Government to jump smartly in favour of the EEC directive. There is also a widespread belief that lorry drivers in general are much less militant in their opposition to tachographs than some of their leaders.

That particular hypothesis is untested, although it may not remain so if the TGWU responds to pressure from some quarters to conduct a referendum of its interest in making it compulsory driver members on the issue, anyway.

## Letters to the Editor

### Are graduates gone

The Director of External Relations, London Business School, writes: "The last year at this time you came to the school in the placement of graduates. At the end of the recruitment season, review may be of the climate of the job market. Masters graduates were highly resilient. All were successfully placed. From job offers in their within two months of graduation. Companies are not deflected by present uncertainties from their vital search for potential young men to safeguard their future and they continue to look only on those who have the initiative to prepare for a business career. Flowing tables show the number of masters students placed, three years ago."

	1974-75	1975-76	1976-77
Management	22	20	13
Finance	18	18	20
Marketing	18	18	20
Human Resources	18	18	20
Operations	18	18	20
Information Systems	18	18	20
Law	18	18	20
Engineering	18	18	20
Architecture	18	18	20
Design	18	18	20
Art	18	18	20
Music	18	18	20
Drama	18	18	20
Physical Education	18	18	20
Sports	18	18	20
Other	18	18	20
Total	220	200	130

any to some commonly opinions manufacturing continues to be the pre-employer of business graduates. Unfortunately, there is usually a pre-employment of engineers on the programme. Few have to go into the field of education where they are badly needed. The reasons for this have widely debated in recent years—lack of status, reward and opportunity. The may now be getting to be a manufacturing industry because a number of companies have come forward with imaginative career development packages to attract young men into production and that next year they will be a greater response. It is surprising that finance and jobs give most masters their first foothold in industry, but it is interesting to be greatly increased share in marketing and production. In the banking and financial sector American companies are particularly active and some of our best people average age on graduation. The average salary of who found employment in U.K. was £6,350, excluding benefits, but the salary was wide—£4,000 to £12,000. This again indicates that is not the only consideration of the masters graduates. The station of the company as an employer and the nature of the work offered is important.

### The status of engineers

From Mr. R. Headlam.

Sir—I am the managing director of a relatively small specialist engineering company and am particularly interested in Michael Dixon's article of October 13.

Engineering companies would be pleased to subsidise students provided the end result was satisfactory. Unfortunately I do not think it would work, because it would create a divisive system and might even cause a lowering of standards due to entrants being attracted by higher grants.

There is only one way to improve the quantity and quality of engineers, that is by making the profession more attractive in terms of status, salaries and general encouragement from educational sources. Unfortunately, because of the mobbish status-consciousness displayed by school teachers in public and grammar schools in the past (there are a few exceptions), children have been encouraged to think of engineering as a second class profession. Also the teachers themselves are generally ignorant of the actualities of engineering life. This underlines the need for mature, industrially experienced lecturers. Practical work is also an essential for an engineering career, where the ability to relate academic knowledge to practical problems is fundamental.

### Liberal lament

From The Liberal Prospective Parliamentary Candidate for Royal Tunbridge Wells.

Sir—"The conduct of the Parliamentary Liberal Party during the emergency debate on the economy serves to illustrate the intense frustration of many of us who are trying to keep the party alive at constituency level. Majority opinion would suggest

that the country faces an economic crisis of almost unprecedented magnitude. Liberal MPs claim to represent some 6m. members of the electorate. With a third of the numbers absent, they have effectively disenfranchised 3m. voters.

Russell Johnson, it is reported, did not attend as the outcome of the vote was a foregone conclusion. Surely we have a debating chamber not a voting house. Others were absent abroad at the opening of a parliamentary session, one could not be held in the part, but was presumably restrained by lack of party strategy or policies; he could merely comment on the long term nature of the crisis. Having magnanimously cleared the issue on coalition, we cannot just lie back as willing partners to rapacious bankers and industrialists. If we believe in national government, we must be the party of national government.

Surely we must have some positive views on the economic situation. Have we totally abandoned a price and incomes policy, I hope so? Do we, or do we not believe that public spending is too high? What is our view of the 'social contract' which should have the put to challenge the price of voluntary wage restraint when it is so appallingly high in terms of compensating illiberal legislation. Do we believe in a system which fixes not only a maximum but also a minimum level for wages and salaries? Have we forgotten that the 'social contract' is pledged to ensuring real incomes are maintained, when every day we are warned of a reduction in living standards? Surely the Liberals must condemn the immense influence and power of union leaders with the same vociferous enthusiasm as they previously devoted to multi-nationals and capitalist institutions.

I don't want to be a plod Tory or a blue socialist. I have absolutely nothing to sell other than a remote and ethereal ideology. No one will flock to such a dispirited image as a focal point for a national government.

John Crowley, Glenview, Maresfield Park, Uckfield, Sussex.

### Accounting for inflation

From Mr. D. Smith.

Sir—Michael Laferly (October 13) skates very lightly over the real problem facing the accountancy profession, which is how far the individual practising members are prepared to have their professional consciences dictated to by a handful of theoreticians—whether Government backed or not?

After the fiasco of the deferred taxation standard I had hoped that the Accounting Standards Committee would have realised the need to introduce a little democracy into the process. We professionals are very happy to encourage the ASC in its task of research and drafting standards and, let there be no mistake, it is an onerous task and the ASC has done an excellent job. But its work ends with the drafts. The decision as to whether they will be implemented belongs to the whole membership of the profession; it has not been delegated to an unrepresentative handful of members who happen to have been elected to various offices in the professional institutes. The bureaucracy has neither the authority

### Trade Mark Office

From the Head of Division of Intellectual Property Law Commission of the European Communities.

Sir—Your report (October 12) headed 'London, Paris stake claim to European Trade Mark Office', may unwittingly give the impression that France had formally proposed to accommodate the EEC Trade Mark Office, when it is established. No such proposal has yet been made. At the Trade Mark Conference last week, at which I spoke, I posed the question whether British practitioners would be strongly opposed to a site in France, if the French Government offered one. This was no more than a question; the Commission is fully aware of and appreciates the hope which Her Majesty's Government has expressed, that the EEC Trade Mark Office should be situated in London. For the time being, the Commission is uncommitted.

Bryan Harris, Rue de la Loi 200, B-1049 Brussels.

### Reduced fuel bill

From Mr. J. Wisdom.

Sir—The chief commercial officer of Norweg Electricity states (October 15) that the cost of insulation can be recovered within three heating seasons by the consequent saving in all valuable fuels.

This statement is misleading. Insulation, double glazing and draught exclusion are all excellent and necessary ways to contain heat generated in the house, but they do not 'make accommodation warmer' while using the same amount of fuel. You save fuel only by reducing the electricity you use, or the amount your boiler is working, and this you achieve by two means—insulation and then proper control of your heating system.

So many European countries have learnt this lesson already, and hence controls such as thermostat radiator valves are now mandatory in many of those countries where insulation has been developed to a high degree for many years.

J. J. Wisdom, 51, Green Lane, Burnham, Bucks.

## To-day's Events

Prime Minister opens new hall of residence at Ruskin College, Oxford—expected speech on education curriculum changes. Labour Party national executive meeting may discuss contents of Queen's Speech. Japanese business delegation representing Kaidanren (Federation of Economic Organisations) continues talks in London. Full planning committee meeting of the Greater London Council to consider scheme for multi-million pound Labour Party headquarters. Two-day EEC Foreign Ministers meeting opens in Luxembourg. Queen and Duke of Edinburgh begins visit to Scotland—the Duke of Edinburgh opens new factory at Bellshill.

Lord Watkinson, president of the Confederation of British Industry at Birmos Corporation anniversary dinner, Stationers' Hall, E.C. St. Lindsay Ring, Lord Mayor of London, attends general purposes committee luncheon, Mansion House, followed by general purposes committee meeting. British Tourist Authority annual report. House of Commons: Weights and Measures (No. 2) Bill, second reading. Proceedings of Trinidad and Tobago Republic Bill and on the Resale Prices Bill; opposed private business. Methodist Church Bill, report stage. Commons Select Committees. Expenditure (General Sub-Committee). Subject: Developments in the Civil Service since the Fulton Report. Witnesses: DfES, Science and Technology (General Purposes Sub-Committee). Subject: SCHWR Programme. Witnesses: Electrical Power Engineers Association.

COMPANY RESULTS. Alfred Marks Bureau (half-year). Mothercare (half-year). COMPANY MEETINGS. See Week's Financial Diary on page 29. CITY LUNCH-TIME MUSIC. All Hallow's-by-the-Tower, recorded music, 1 p.m. St. Michael Cornhill, organ recital by John Busbridge, 1 p.m. St. Mary-le-Square, recorded music, 1.05 p.m. St. Anne and St. Agnes, Gresham Street, organ recital by Richard Lyne, 1.10 p.m. SPORT. Boxing: Billy Bird v. Denton Ruddock, British heavyweight final eliminator, Seymour Hall, London. Soccer: League Cup replay, Bolton v. Fulham (Birmingham).

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Peterbroeck Van Campenhout Keppens S.A.	Pictet & Co. International Ltd.	Pierson, Holding & Pierson N.V.	PKbanken	
N.M. Roehschild & Sons Limited	Rowe & Pitman Hurst-Brown	Sandstrom Brothers International Limited		
J. Henry Schroder Wagg & Co. Limited	Skanianvanska Enskilda Banken	Smith Barney, Harris Upham & Co. Incorporated		
Société Bancaire Paribas (Overseas) Ltd.	Sociedad Financiera Asimétrica(SOFIAS) RAS Group	Société Générale Alsacienne de Banque		
Société Commerciale de France	Prives des Gestes Financiere	Société Seguinaneuse de Banques		
Sunliform Finance Internationals	Svenska Handlsbanks Aktieförbundet	Takson Bank Limited		Trinkaus & Burkhartd
Verband Schweizerischer Kantonalbanken	Vereins-und Westbank Aktiengesellschaft			Van Oordt & Co. Inc.
Weisssteudte Landesbank Girozentrale				White, Weld & Co. Inc.

## Aberdeen Trust director

\*  
Mr. Eric G. Bruce is to be acting managing director of HERCULES POWDER COMPANY, the British industrial chemicals subsidiary of Hercules Incorporated U.S.A., from November 1. Mr. Bruce will succeed Mr. Gordon Allan who is to become director of marketing for Hercules Europe in Brussels.

★  
LESLIE AND GODWIN (HOLDINGS) state that Mr. N. W. Gandy is retiring as chairman and Mr. Jacob Rothschild has accepted a invitation to succeed him as chairman. Mr. Gandy will continue to serve as a director of Leslie and Godwin (Holdings) until December 31. Mr. C. B. Read will also retire as a director on that date. Mr. R. W. Baker will continue to combine the roles of deputy chairman, director and chairman of Leslie and Godwin Limited, the main operating company of the group.

\* Lord Barnetson and Mr. A. F. Roger, Board members of BRITISH ELECTRIC TRACTION COMPANY, have been appointed deputy chairmen. Sir Peter Matthews has joined the Board as a non-executive director. He takes the place of Sir Robert Adeane, who did not wish to be proposed for re-election. Sir Peter is managing director of Vickers. He is also on the Boards of British Aircraft Corporation (Holdings) and Lloyds Bank.

The following changes have been made in the structure of the Board and management of RERRY WIGGINS AND CO. Mr. W. J. McNeill has resigned as managing director following the discontinuance of that office, but has been appointed deputy chairman with special responsibility for a number of group activities. Mr. C. H. Guinn has become general manager, operations. KCA Drilling: Mr. F. L. Moseley, general manager, operations BW Mud; and Mr. P. R. Wilks, general manager, administration. KCA Drilling and BW

Date	Title	Venue
Current	Int. Exh'n. and Marketing Semitar (cl. Oct. 23)	World Trade Centre
Current	Birmingham Ideal Home Exhibition (cl. Oct. 30)	Nat. Exbn. Centre, B'
Current	Intnl. Garden and Leisure Exbn. (cl. Oct. 20)	Nat. Exbn. Centre, B'
To-day	Electronics Exhibition (cl. Oct. 20)	U.S. Trade Center, W
To-day	Junior Fashion Fair (cl. Oct. 21)	Royal Hortie. Halls
To-day	Kensington Antiques Fair (cl. Oct. 23)	Kensington Town Hall
Oct. 19-23	Furnaces, Heat Treatment & Fuel Economy Exbn.	Nat. Exbn. Centre, B'
Oct. 20-30	International Motor Show	Earls Court
Oct. 21-22	Management Services and Equip. Exbn.	Harrogate
Oct. 21-31	International Ski Show	Olympia
Oct. 26-28	Highland Trade Fair	Avenmore Centre
Oct. 28-29	Microforum International Exhibition	Wembley Conf. Centre
Oct. 28-29	London Fashion Exhibition	Olympia
Oct. 27-30	British Intnl. Fashion Fair	Nat. Exbn. Centre, B'
Oct. 31-Nov. 4	Int. Domestic Contract Textiles Exbn.	Nat. Exbn. Centre, B'
Nov. 1-4	Scottish Fashion Exhibition	Central Hotel, Glasgo
Nov. 2-4	Nat. House and Town Planning Exhibition	Metropole Hotel, Bris
Nov. 8-12	Automated Production Exhibition	Belle Vue, Mancheste
Nov. 11-21	Caravan Camping Holiday Show	Earls Court
Nov. 14-21	International Kitchen and Bathroom Show	Olympia
Nov. 15-20	Public Works and Municipal Service Exhibition	Nat. Exbn. Centre,

Current .....	International Trade Fair (cl. Oct. 21)	Baghdad
Current .....	International Electrical Fair (cl. Oct. 24)	Copenhagen
Current .....	International Trade Fair (cl. Oct. 25)	Bucharest
Current .....	International Boat Show (cl. Oct. 25)	Genoa
Current .....	German International Boat Show (cl. Oct. 24)	Hamburg
Current .....	Intnl. Hotel and Cater. Equip. Exbn. (cl. Oct. 25)	Paris
Oct. 19-23 .....	International Electronics Exhibition	Budapest
Oct. 19-Nov. 1 .....	Fourth International Trade Fair	Tehran
Oct. 21-27 .....	International Technical Fair	Stockholm
Oct. 27-30 .....	Fish Expo '76	Boston
Oct. 28-Nov. 11 .....	Do-It-Yourself Exhibition	Paris
Oct. 30-Nov. 7 .....	German Catering and Foodstuffs Exhibition	Berlin
Nov. 1-6 .....	Intnl. Gas, Pumps and Pneumatics Exhibition	Konigsberg
Nov. 3-10 .....	Mechanical Handling Equipment Exhibition	Utrecht
Nov. 3-14 .....	International Motor Show	Turin
Nov. 4-10 .....	International Hotel and Catering Equipment Exbn.	Munich
Nov. 7-15 .....	International Caravan Show	Brussels
Nov. 12-13 .....	International Maritime Exhibition	Amsterdam
Nov. 13-18 .....	International Hotel & Restaurant Fair	Dusseldorf
Nov. 15-20 .....	International Food Exhibition	Paris

Oct. 19-20	Financial Times, Ministry of Works, Power and Water, Bahrain, Gulf Air, World Construction—Prospects in the Arab Countries	Bahrain
Oct. 20	PRCA Conference: Communications in Industry	London Hilton, W.1
Oct. 21	Interphase—Marketing for Engineers and Architects	Post House, Reading
Oct. 21-22	Design Eng. Designing for World Markets	Europa Hotel, W.1
Oct. 25-26	Assoc. Bus. Prog.: Property Taxation	Tara Hotel, W.8
Oct. 25-27	Asen. Cert. Account: European Aspects	Clifton-Ford Hotel, W. Brussels
Oct. 25-27	MCEE: Labour Relations in Europe	Horsham, Sussex
Oct. 25-29	Roffey Park: Managing Industrial Relations	Training Centre, Egham
Oct. 26-Nov. 5	P-2 Consulting Group: Consultancy Practices	Europa Hotel, W.1
Oct. 26-27	ORC: Management: Integrated Marketing	Bournemouth
Oct. 27-30	Lubucor: Participation—the Practicalities	Dorchester, B.I., W.1
Oct. 28	ABP: Employees' Remuneration and Benefits	Albany Hotel, Glasgow
Oct. 28	WTI: New Approach to Exporting	World Trade Centre, E.1
Oct. 28	MSS: Computers in Manufacturing	Datsun House, Wotton
Oct. 28-29	Expo: Risk Man. In Offshore Oil & Gas Recovery	inn on the Park, W.1
Oct. 29	LCCL: Building and Materials in the Gulf	69, Cannon Street, E.1
Oct. 29	Management Studies: CIT and Private Businesses	Manchester Bus School
Oct. 29	LMC: Computers and the Screen	Warrington Road, S.W.3
Oct. 29-31	IGC Tutorial: International Banking Seminar	Post House, W.2
Nov. 1-2	Farmers Weekly: U.K. Dairy Ind. Conference	Stratford, Warwick
Nov. 2	BAS: U.K. Constr. Ind. in Saudi Arabia	Cavendish Conf. Centre, Stockholm
Nov. 2-3	Financial Times: European Banking	Nat. Exhbn. Centre, Connaught Rooms, W.1
Nov. 2-3	Physical Distribution Man. Centre—Nat. Conf.	Uxbridge, Middlesex
Nov. 3-5	Frank Jenkins: Effective Publicity Writing	Uxbridge, Middlesex
Nov. 4	Brundage: Unemployment, Occupational Stress	Uxbridge, Middlesex
Nov. 4	Inst. of Work Study: Ergonomics and Shipping	Uxbridge, Middlesex
Nov. 4	New Law Journal: Tax after Finance Act 1976	Cafe Royal, W.1
Nov. 4	EBI: Budgeting Management Time	Cafe Royal, W.1
Nov. 5-26	Strathclyde Univ.: Senior Management Course	Strathclyde Bus. School
Nov. 8-11	Ind. Newsp.: Chemistry in Ind.—The Way Ahead	Wembley Conf. Centre
Nov. 10-11	Financial Times, Investors Chronicle: World Insurance	Royal Lancaster Hotel
Nov. 10-11	Investment in 1977 Conference	Johannesburg
Nov. 11	Institute of Directors: Annual Convention	Royal Albert Hall, S.W.6
Nov. 16-18	Financial Times, Glaxo, The Oil Daily: Latin American Oil	Mexico
Nov. 17	Henley Centre: U.K. Economy Outlook for 1977	Carlton Tower Hotel
Nov. 17-18	Offshore Centre: Trading with the Oil World	Connaught Rooms, W.1
Nov. 17-18	ESC: Takeovers, Acquisitions and Mergers	Portman Hotel, W.1

**COLORFUL** (01-836 x161).  
ENGLISH NATIONAL OPERA  
Tunior & Pri. 7.30 Last performance.  
The Ballad of the Sadhu. The Cavaliers  
Rusakova & Pagnicelli; Thuri & Sai. 7  
Don Giovanni.

**COVENT GARDEN**, 24 1968. (C Garden)  
The Sadhu. Sadhu. Sadhu. Sadhu.  
**THE ROYAL BALLET**  
Icni Tunior. Wed. Fri. Sat. 7.30  
Anastasia. Wed. Fri. Sat. 7.30  
Mozart.

**THE ROYAL OPERA**  
Thurs at 7.30 Macbeth. G.S. Amah;  
Thurs for all parts on sale from 10 am  
on day of performance.

**SADLER'S WELLS** Th. Rosebery Ave. ACT  
8.57 1972 En. 7.30. Mat. Sals. 2.30.

**THE SADLER'S WELLS**  
— THE ROYAL BALLET  
Tnori Copson. Thurs. & Thur.  
Gross Fuser. Roshomon. Lulu. Fr. &  
The Ballad of the Sadhu. Sat. 7.30  
H.M.P. H.M.P. H.M.P. H.M.P. H.M.P.  
**HANDEL OPERA SOCIETY** On  
Nec & J. Arconato. Oct. 29 Nov 2

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DUKE OF YORK'S 01-836 5122  
 Evening 8 30 Wed. Sat. b: 800 5122  
**TARRY** JUNE  
**SCULPT** WHITE  
**A HANDFUL OF FOREIGNERS**  
**GENUINELY HILARIOUS** Gen.  
 Dinner-Late Price sat. 10.00  
**ELLE AU LUT** 01-837 3661  
 Walker's Court Brewer Street, W  
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**PAUL RAYMOND** Prestella  
**PENETRATION**  
 An Erotic Adventure in French Pro-  
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 Fantasy  
 Opens tonight: Nightly 8.15 and 10.15  
**FORTUNE** 838 2238  
 8 Sat 5 and 8 Sun 8.00  
 Avril **ANGELS, EVILS, ROBERTS** in  
**THE** **WITCH**  
**MURDER AT THE VICARAGE**  
 2nd GREAT YEAR  
**GARRICK THEATRE** 01-836 4601  
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**RICHARD BECKINSALE** in  
**THE** **WITCH**

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**JESUS CHRIST SUPERSTAR**

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Monday Oct. 28 at 7.30 for 1 week  
Sat. & Sun. 8.15 for 1 week. Fr.-S.  
8.15 Sat. 8.45

**Special** **FREDDIE STARR**  
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**VERY GOOD**  
**"LOVELY to look at, DELIGHTFUL to**  
**HEAR"** **THE NEW YORK TIMES**  
**"Absolutely outstanding. I really love**  
**it!"** **N.Y. Times** **OVER 250 PERF**

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Mon.-Thurs. 8.00 Fr.-S. 7.00  
**THE GODFATHER**

**WESTMINSTRA.** - 834 DIAL. Reg-  
lar Mat. Wed. 7.00. Sat. 8.00.  
**MADRY AS A SANDRAG**  
3rd Year of Daughters HU-MAN  
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Mat. 8.00 and 8.45. Man. week.  
**THE PRINCE OF DANMARK**  
**MARVELOUSLY COMIC.** Ex H  
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**ALEXANDER**

**PRINCE BENEDICT** DOA  
Sunday & Top-price seats 12.6

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Twice Nightly at 8.00 and 10.0  
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An entire French production.  
You may divine and know it all  
before you enter the auditorium.

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**STIR UP THE BIRTHDAY CAKE**  
**CAMBRIDGE** 850 6555. Evening 8.00  
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**WINTER OF ALL THE PRIZES**  
**MICHAEL OF THE WEED**  
**OTHERWISE ENGAGED**  
**CONWAY HALL** Rd. L.N. Seabro  
Hobson Tube. Di-820 0198 **THE**  
**JOINT STOCK** IN THE SPECTATORS  
**PENITENTIARY** 920 3216 **LAT 2 WKS**  
Eve 6.00. **ALIC MCDONN**  
**JURY PARTIAL** ANTHONY FROBIE  
by Felicity Brown  
of English. M. Hobson. **an evening**  
**CONJURY LATE** 016 8108 **Evening 8.00**  
**A CHURCH LINE**  
**PARADE** **TOYOUS**  
**ANTHONYING STEINER** Sun. 7.00  
**OUCHES.** 816 2245. **Evening 8.00**  
Friday 7.00. **ALL CALCULAT**  
**THE** **WAS**  
"Astronomical" **8.00** **Tel.**  
**BOOKING THROUGH SPRING 1977**

[illegible][illegible][illegible]

dark Bobcat loader manuever  
in tight quarters.

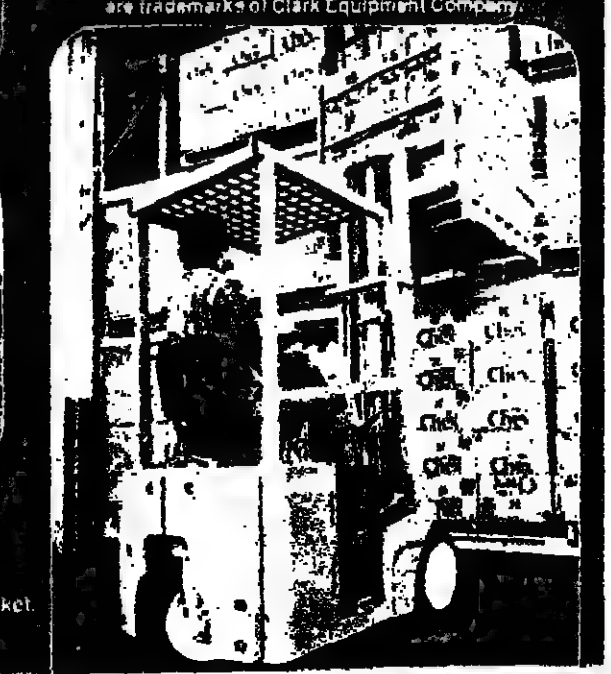
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# COMPANY NEWS

## Galliford Brindley set for good year

THE CURRENT year for Galliford Brindley is going to be at least as difficult as 1976, says the chairman, Mr. P. Galliford, but he is confident that another successful year lies ahead.

During the past year, considerable time and money have been spent seeking opportunities to utilise the skills and resources of the group, both at home and overseas, to counter the continuing reduction in demand in the U.K. for construction work, says the chairman.

The strong financial position has enabled the group to have the time to move cautiously and, hopefully, avoid high risk situations. Next year should see some results for the efforts.

For the year to June 30, 1976, pre-tax profit of £1,872,332 is an increase of 26.7 per cent. over the previous year, from turnover of 40.7 per cent. higher at £30.7m.

The directors continued plant and equipment replacement programmes and since the end of the year have taken a 90 per cent. interest in Status Mobile (G.B.), a small company manufacturing mobile and flat pack buildings for office, living and amenity uses, for the home and export markets.

The purchase of Stamford Construction forms a strategic part in the policy of further geographic coverage within the U.K., says the chairman.

In building and development, Wincott Galliford had another good year.

Private housing had a very dull year, but the prospects in the current year look better. Property development activities were negligible, but the current year should see one or more developments proceeding.

Civil engineers Kotler and Heron and Galliford and Sons had a very good year from a profit point of view, but the immediate future is undoubtedly going to be difficult in the U.K.

Galliford Roadstone achieved excellent results and is now recognised as a major supplier in the Midlands of foundation materials for all types of contracts.

Heating and ventilation produced better than expected results and are able to look to the future with a reasonable degree of confidence, while electrical maintenance and motor rewind had a sound year. The main asphalt company had most unsatisfactory trading and substantial reserves have had to be taken against current activities. Appropriate management action has been taken, the chairman states.

### HIGHLIGHTS

The week-end post bag is again very thin but the list of company news expected this week promises more action. The retail sector is well represented with interim figures due to-day from Mothers & while to-morrow it is the turn of the UDS Group. On Wednesday Marks and Spencer and British Home Stores are producing half-time statements. Also on Tuesday, Furness Withy, currently under the watchful eye of the Monopolies Commission, and Hawker Siddeley are announcing six-monthly figures while on Friday the interim results of Ever Ready are scheduled.

The present position in engineering is much better with a return to reasonable profitability in the current year anticipated. Mr. Galliford says Chorley Rentair, specialising in hiring out compressed air equipment, made good progress and is involved in a number of major North Sea developments, as well as continuing to expand into general industry. Further growth of this company is confidently expected. Construction plant hire business was better than anticipated, but this situation is unlikely to continue in the current year. Nevertheless, the chairman envisages that the plant hire activities as a whole will make progress.

Meeting, Coventry, Nov. 10, at 12.30 p.m.

### Midway loss at Patent Industrial

WITH TURNOVER down from £547,000 to £746,000, loss of Patent Industrial Group, West Midlands-based general engineers, was £135,000 in the six months to June 30, 1976, compared with a £63,000 deficit in the same period last year. Again there is no tax charge.

The figures reflect the difficult trading conditions reported at the annual meeting, but the improving trend in orders has been maintained, the directors state.

In 1975, a pre-tax loss of £24,538 was incurred. No dividends have been paid since 1971.

	1976	1975
Turnover	746,000	547,000
Trading loss	135,000	63,000
Interest	48	48
Exceptional items	12	17
Loss	135,000	63,000
Profit		

### FFI TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received no later than 22.10.76.

Term (years)	3	4	5	6	7	8	9	10
Interest %	12.1	12.1	13.1	13.1	13.1	14.1	14.1	14.1

Rates for larger amounts on request. Deposits to, and further information from, The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822 Ext. 244). Cheques payable to "Bank of England, a/c FFI". FFI is the holding company for IGFC and FCI.

## Glendevon Investment Trust Limited

	1976	1975
Equity shareholders' interest	£9,739,937	£8,054,951
Asset value per share	94.3p	78.4p
Revenue available for ordinary shareholders	£156,224	£204,780
Earnings per ordinary share	1.63p	2.48p
Ordinary dividend per share	1.40p	2.10p
Capitalisation issue in B ordinary shares	1,538,555	2,178,990
Ordinary shares ranking for final dividend	9,586,333	8,268,536

Mr. J. A. Lumsden, MBE, made the following points in his chairman's statement.

### YEAR'S RESULTS

Revenue available being greater than estimated it has been possible to pay and propose dividends totalling 1.4p against a forecast 1.3p. As forecast, earnings per ordinary share are less than in the previous year following the move into equities from deposits and the exercise of conversion rights by holders of B ordinary shares.

### FUTURE OUTLOOK AND POLICY

Recovery from the economic recession in the major industrialised countries overseas should continue slowly, but the outlook in the U.K. is uncertain. Our present policy is to have more than two-thirds of our funds invested outside the U.K. and to restrict the U.K. holdings to

those with substantial overseas interests.

### INVESTMENT TRUST COMPANY SHARES

There have been suggestions, on account of their discounts, that investment trust companies should either liquidate or convert into unit trusts, but I do not think such drastic action is called for. With their ability to adopt a flexible investment policy, to diversify both geographically and industrially, and to employ a measure of gearing, investment trust companies should continue to be a satisfactory medium of investment both for the individual and institutional investor.

### ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Monday, 8th November 1976 at 2.30 pm at 175 West George Street, Glasgow G2 2LD.

### FORWARD TRUST LIMITED—BANKERS

Depositors are advised that with effect from the 20th October, 1976, the following rates of interest will apply:

NOTICE OF WITHDRAWAL	(DEPOSITS OF £1-£25,000)
7 days	10½%
1 month	12%
3 months	12½%
6 months	12½%
12 months	12½%

\*Applies to existing deposits only. New deposits at seven days' notice are not accepted.

**Forward Trust**

For further information apply to: Forward Trust Limited, Deposits Department, P.O. Box 362, 12 Calthorpe Road, Birmingham B15 1QZ. Tel: 021-454 6141. Forward Trust is a subsidiary of Midland Bank Ltd

declared on October 22 for payment on or about November 12.

Listings of Geduld on the Johannesburg Stock Exchange and the London Stock Exchange will terminate at the close of business on October 22.

Unicorp shares issued in relation to the scheme will be listed as from October 25, 1976, on the Johannesburg and London Stock Exchanges.

## Optimism at Western Dooars

Prospects for Western Dooars Tea Holdings for 1976 are moderately encouraging. The outlook to the end of August was well ahead of the poor 1975 figure although it had not yet reached the exceptionally good level of 1974, reports Mr. N. C. Lance, chairman.

The group's average price for disposals in India is showing a useful advance on the 1975 equivalent. In London the 1976 auctions for offerings have opened to keen buying competition.

Referring to the 1975 results the chairman says that the interim report warned that margins had undergone a marked reduction and in the event the group's pre-tax profit for the year was nearly halved at £362,208, compared with £680,787.

Mr. Lance explains that dearer essential supplies and substantial estate wages are partly responsible for the downturn, but by far the largest contributory factor was the weather which affected all the group's properties—especially Meenagla—and led to a 15 per cent. overall fall in crops. The results would have been even worse but for a pronounced buoyancy in Indian demand.

## Chambers and Fargus aims to boost sales

Referring to the underutilisation of the loss-making soy plant, Mr. G. H. Elliott, chairman of Chambers and Fargus, the seed crushing, oil refining and soy protein group, says that the task for the coming year is to expand and broaden food protein sales and secure a better margin on the group's high protein soy.

He feels that this will not be achieved quickly but the aim is to ensure that the plant at least covers its direct operating costs and subsequently moves into profit.

The current year has started well for crushing and oil refining and although the extraction plant is not yet operating at the capacity required, its position improves in the near future when new grinding equipment is installed, allowing the group to market flour as well as flakes. The chairman says that there is more interest evident in the high protein animal feed and the group will be able to make fuller use of the soy plant's capacity on this.

As reported the group incurred a loss of £46,500 in the year ended June 30, 1976, compared with a profit of £20,318. There is no dividend compared with 0.40p.

During the year there was a net decrease of £314,412 (£185,257 increase) in liquid funds.

### WIGHAM POLAND IN GREECE

Wigham Poland Group formed a new insurance broking company in Greece, under Law 400, called Wigham Poland Hellas.

It has been formed to give on-the-spot service to clients as well as offering a complete insurance service to the Greek community. There have been close links with the Greek shipping industry for over a century through P. Wigham-Richardson and Co., the group's shipbroking division, as well as direct contacts through Wigham Poland Marine, London.

### GRINDLAYS IN DUESSELDORF

Grindlays Bank Group has established a representative office in Dueseldorf at Koenigsallee 28 (Tel: 22 84 82. Telex: 838135 GRIN D).



Mr. Selim Zilkha, chairman of Mothercare which is to-day due to announce results for the first half of 1976-77. The market is looking for a profit rise of between 25 per cent. and 30 per cent., partly reflecting the extended clothing range and increased selling space.

### BIDS AND DEALS

## Kiddicraft purchase gives Hestair first toy stake

IN ITS first move into the toys and games market Hestair has acquired the Kiddicraft 3/4/8 Group.

The initial consideration was £35,000 and there is a further amount payable of up to £75,000 if profits before tax of £130,000 are achieved by Kiddicraft in the year to March 31, 1977. Sales are forecast at £1.9m, which is an increase of 46 per cent. on 1975.

Kiddicraft manufactures high-quality toys and games and publishes books for children up to five years of age, with particular emphasis on educational and play value.

The acquisition is the first step in Hestair's objective to develop an important position within the toy, stationery, games and sports goods markets, with strong branded lines. Considerable benefits are anticipated from the distribution power of existing Hestair companies, Angel Toy Group and Hope, which already have sales of over £18m in the toy and educational markets.

Hestair also believes that there is substantial further potential for Kiddicraft products in export markets and the group will provide the necessary finance to exploit this to the full.

Hestair recently announced a half-year profit increase of 41 per cent. to a record £1.66m, on sales of £23m. In addition, it has completed a deal to acquire the remaining 25 per cent. of Timestock Investment Group, which did not own, and obtained Treasury approval for a 75 per cent. dividend increase in connection with this transaction.

### OFFER FOR NORTON VILLIERS INDUSTRIAL ENGINE ASSETS

More than 100 jobs at Wolverhampton may be saved in a bid for part of the old Norton Villiers empire. The bid could go Government backing to the tune of £200,000.

An offer for Villiers' industrial engine assets has been made to the liquidator of Norton Villiers Ltd. by Wolverhampton Industrial Engines, a company specially formed for the purpose. The new company, which has no connection with the Norton Villiers Triumph Group, hopes to offer jobs to the 100 men currently engaged in production under the liquidator's run-down programme.

### CHANGE OF ADDRESS

#### Johannesburg Consolidated Investment Company, Limited

#### Elsburg Gold Mining Company Limited

#### Western Areas Gold Mining Company Limited

#### The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

#### Rustenburg Platinum Mines Limited

#### Rustenburg Platinum Holdings Limited

#### The South African Breweries Limited

BARNATO BROTHERS LIMITED, London Secretaries to the above companies announces that on and after 25th October, 1976, the offices of the Company will be at:

99, BISHOPSGATE,  
LONDON EC2M 3XE  
TEL: 588 7011  
TELEX 836951 BARBRO

and all queries other than those connected with registration matters will be dealt with from that address.

The Share Transfer Office of the Company will continue to operate from Charter House, P.O. Box 102, Park Street, Ashford, Kent.

D. W. J. PHILLIPS,  
Secretary.

## Bejam well placed for further growth

IN THE first part of the current trading period at Bejam, sales of food and freezers have been satisfactory, reports Mr. J. D. Athorp, chairman.

The company is now firmly established in the High Street and he believes it has the resources to take advantage of the opportunities for expansion. He is optimistic about the future.

As known, pre-tax profit for the 53 weeks ended July 3, 1976, expanded from £1.6m to £2.64m. Net assets increased from £4.94m to £8.9m and Mr. Athorp believes that the balance sheet now much stronger than a year ago, forms a strong base on which to build future expansion.

Since the year end, the 50 per cent. holding in Lage Landens Voedselmaatschappij BV has been disposed of—it is anticipated that the provisions of £34,000 in the period to July 3, 1976, together with provisions made in the previous period, are sufficient to cover trading losses arising on the sale of Lage Landens.

During 1974-75 a further 29 branches were opened. At year end the company operated 118 freezer centres and he anticipates a further 13 opening before Christmas. Also in the current period the company will extend its trading to Yorkshire and South Wales.

Meeting, Winchester House, EC, November 10, noon.

## London Shop shows little change

From turnover of £3.08m, against £3.66m, pre-tax profit of London Shop Property Trust for the year to April 30, 1976 totalled 50c, compared with 25.5c.

Profit was struck after interest of £1.05m (£0.95m). Tax takes £248,459 (£267,493).

From earnings up from 1.5p to 1.9p per 5p share the dividend total is bid at 2.25p with a final payment of 3.075p net.

## YORKGREEN RESIGNATIONS

Three directors of Yorkgreen Investment Trust, who joined the Board only in July when the Italian International Bank bought a 20.8 stake in the company, previously held by the failed November 10, at noon.

## WESTERN DOOARS TEA HOLDINGS LIMITED

The following are extracts from the circulated statement. Mr. N. C. LANCE, F.C.A., the Chairman—

Results  
The interim report of last March warned that margins were under a marked reduction and in the event the Group pre-tax profit has been nearly halved, amounting to £362,208, compared with the 1975 figure of £680,787. For this downturn, dearer essential supplies and substantial increases in estate wages are partly responsible but by far the largest contributory factor was adverse weather which affected all the Group's properties—especially Meenagla—and led to a 15½ per cent. drop in crop. Results would have been still more disappointing but for a pronounced buoyancy in Indian demand.

The after tax profit works out at £182,186 compared with £338,326 and your board recommend that distribution on ordinary share capital be increased to 4.69p, the maximum permissible without seeking special Treasury consent.

Prospects  
For 1976 prospects are moderately encouraging. Outlook to end August was well ahead of the poor 1975 figure although it had not yet reached the exceptionally good level achieved in 1974. The Group's average price for disposals in India, showing a useful advance on the 1975 equivalent, in London the 1976 auctions for North East Indian offerings have opened to keen buying competition. Costs inevitably continue to rise but there are signs that the rate of inflation is starting to slacken. Careful thought must, however, be given to capital expenditure programmes to ensure that estate factories are properly equipped in power and processing machinery to cater for expected future crop increases.

Foreign Exchange Regulations  
Shareholders will recall that, at this time last year, there was considerable doubt as to the precise manner in which provisions of the Indian Foreign Exchange Regulation Act, 1947 would affect the Group. Although certain aspects require clarification the boards of the operating subsidiaries will of course fall in line with the Indian Government's requirements and currently envisage that these companies will convert to a rupee register and that 26% of the shareholding of the group concerns thus formed will be offered to Indian nationals.

Details of schemes will shortly be formulated with the aim of achieving the changes by the close of the calendar year 1977 which is in accordance with the timetable submitted to the Indian authorities for their approval. No alteration anticipated in the status of the holding company itself.

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## OVERSEAS MARKETS

## EUROBONDS

## Prices go higher as rates decline

BY TONY HAWKINS

INVESTOR disillusionment with stock markets, the continuing decline in Eurodollar interest rates to their lowest levels since 1972 and the absence of new issues until the weekend, pushed dollar bond prices ahead again last week.

But the dollar sector came off the top a shade on Friday in significantly lower volume following the setback to the New York market the previous day, and the news of three new issues that will absorb \$180m, allied with the announcement that a fourth had been increased in size.

In New York, bond prices reacted downwards to the jump in the money supply and bank lending figures, and some of this sentiment carried over into the Eurobond sector as well. Despite this, straight bonds were well bid and dealers commented particularly on the relative strength of the Australians in good turnover. The two shorter issues (making up \$240m of the recent \$300m Jumbo) have now moved above par for the first time reflecting the gradual absorption into firmer hands of this stock.

Convertible mood against this trend with the Credit Suisse issue dipping below par as a reflection of the general malaise in world stock markets at the present time.

In liquid market conditions, secondary market demand was fuelled by the fact that for most of the week there was just the one new issue in the market, and that a small one, The \$30m. Mode ten-year bonds on a 9 per cent coupon were priced at par, as anticipated, with the lead manager, Smith Barney and Co., able to announce on Friday that the size of the issue had been increased to \$35m, in response to substantial demand for the stock. The lead manager can be well satisfied with the timing and outcome of this particular offer which went extremely well.

The double-A rated Hydro-Quebec \$100m issue on a coupon of 8 1/2 per cent and with a ten-year bullet maturity was reportedly meeting reasonable demand. Lead manager in this instance is S. G. Warburg and Co. and the issue is due to be priced on October 25.

## Indices

## NEW YORK - DOW JONES

	Oct. 15	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10	High	Low	High	Low
Industrial	987.00	986.00	984.00	982.00	980.00	978.00	987.00	986.00	984.00	982.00
Transport	284.70	284.70	284.00	283.00	282.00	281.00	284.70	284.70	284.00	283.00
Utilities	90.00	90.00	89.75	89.50	89.25	89.00	90.00	90.00	89.75	89.50
Stocks	100.00	100.00	99.75	99.50	99.25	99.00	100.00	100.00	99.75	99.50

	Oct. 15	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10	High	Low	High	Low
Ind. div. yield %	4.00	4.00	3.99	3.98	3.97	3.96	4.00	4.00	3.99	3.98

## STANDARDS AND POORS

	Oct. 15	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10	High	Low	High	Low
Industrial	112.00	112.00	111.75	111.50	111.25	111.00	112.00	112.00	111.75	111.50
Composite	100.00	100.00	99.75	99.50	99.25	99.00	100.00	100.00	99.75	99.50
Ind. div. yield %	5.00	5.00	4.99	4.98	4.97	4.96	5.00	5.00	4.99	4.98
Corp. Bond yield	8.25	8.25	8.24	8.23	8.22	8.21	8.25	8.25	8.24	8.23

## OVERSEAS SHARE INFORMATION

## NEW YORK

1979		Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock	Dec.	High	Low	Stock
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# AUTHORISED UNIT TRUSTS

[illegible]

## INSURANCE, PROPERTY, BONDS

## REGIONAL MARKETS

Section of the share prices previously shown under regional headings is below with quotations on London, Irish issues, most of which are not listed in London, are shown separately and with prices as on the Irish

[illegible]

## FINANCIAL TIMES STOCK INDICES

	Oct. 15	Oct. 14	Oct. 12	Oct. 10	Oct. 11	Oct. 8	A Year ago
Net Sales	77.23	76.71	76.77	76.85	76.78	76.77	97.95
Cost of Sales	58.51	58.65	58.67	58.67	58.31	58.32	69.10
As a % of Net Sales	75.9	76.4	76.4	76.3	76.1	76.1	71.6
Gross Profit	18.72	18.06	18.10	18.18	18.47	18.45	28.85
As a % of Net Sales	24.2	23.5	23.6	23.7	24.0	24.0	29.9
Operating Expenses	1.94	1.94	1.94	1.94	1.94	1.94	1.94
As a % of Net Sales	2.5	2.5	2.5	2.5	2.5	2.5	2.0
Operating Income	16.78	16.12	16.16	16.24	16.53	16.51	26.91
As a % of Net Sales	21.7	21.0	21.1	21.1	21.5	21.5	27.9
Income Taxes	1.12	1.12	1.12	1.12	1.12	1.12	1.12
As a % of Net Sales	1.4	1.4	1.4	1.4	1.4	1.4	1.1
Net Income	15.66	15.00	15.04	15.12	15.41	15.39	25.79
As a % of Net Sales	20.3	19.6	19.7	19.7	20.1	20.1	26.8
Depreciation	1.12	1.12	1.12	1.12	1.12	1.12	1.12
As a % of Net Sales	1.4	1.4	1.4	1.4	1.4	1.4	1.1
Net Income After Depreciation	14.54	13.88	13.92	14.00	14.29	14.27	24.67
As a % of Net Sales	18.9	18.2	18.3	18.3	18.6	18.6	25.7
Minority Interest	0.12	0.12	0.12	0.12	0.12	0.12	0.12
As a % of Net Sales	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net Income Available to Common Shareholders	14.42	13.76	13.80	13.88	14.17	14.15	24.55
As a % of Net Sales	18.7	18.0	18.1	18.2	18.5	18.5	25.6
Dividends Paid	0.12	0.12	0.12	0.12	0.12	0.12	0.12
As a % of Net Sales	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net Income Available to Preferred Shareholders	14.30	13.64	13.68	13.76	14.05	14.03	24.43
As a % of Net Sales	18.5	17.8	17.9	17.9	18.3	18.3	25.5

## HIGHS AND LOWS S.E. ACTIVITY

	1970		Student Occupation			Oct. 15	Oct. 14
	High	Low	High	Low			
56.31 (50.1)	56.72 (14.1)	197.4 (81.69)	49.15 (50.72)	Daily- Grit-Redged Indefinite	308.5	180.4	
54.43 (42.2)	56.28 (21.0)	150.4 (291.17)	49.7 (50.84)	Specialized	153.7	148.7	
56.43 (22.1)	56.28 (11.0)	150.4 (291.17)	49.7 (50.84)	Unspecialized	87.8	27.5	
306.5	72.8 (25.6)	368.7 (25.6)	62.5 (30.17)	Unspecialized Grit-Redged Indefinite	100.0	111.3	
306.5	72.8 (25.6)	368.7 (25.6)	62.5 (30.17)	Unspecialized Grit-Redged Indefinite	309.9	206.8	
306.5	72.8 (25.6)	368.7 (25.6)	62.5 (30.17)	Unspecialized Grit-Redged Indefinite	155.1	170.7	
306.5	72.8 (25.6)	368.7 (25.6)	62.5 (30.17)	Unspecialized Grit-Redged Indefinite	26.5	55.5	
				Totals	114.3	182.9	

## ET—ACTUARIES INDICES

	Oct. 16	Oct. 18	Oct. 19	Oct. 22	Oct. 23	Oct. 5	A year ago
all Group	116.98	136.48	134.78	134.83	125.87	114.48	136.48
"  "  "	152.79	158.08	158.18	151.47	130.12	151.81	162.08
"  "  "	7.80	8.00	7.89	7.68	7.98	7.81	8.00
"  "  "	7.85	8.63	7.82	7.31	7.84	7.31	8.63
"  "  "	123.28	147.76	142.76	142.41	121.14	122.89	147.76
Yield per	15.48	14.99	15.56	15.56	18.18	18.58	14.99

## BASE LENDING RATES

Irish Banks Ltd.	131 1/2	Julian S. Hodge	15 1/2
frican Express Bank	14 1/2	Hongkong & Shanghai	131 1/2
o-Portuguese Bank	14 1/2	Industrial Bank of Scot.	131 1/2
ry Ansbacher	14 1/2	Keyser Ullmann	14 1/2
o de Bilbao	131 1/2	Knowsley & Co. Ltd.	151 1/2
of Cyprus	14 1/2	Lloyds Bank	131 1/2
of N.S.W.	14 1/2	London & European	132 1/2
ue du Rhone S.A.	14 1/2	London Mercantile	14 1/2
ays Bank	131 1/2	Midland Bank	131 1/2
vert Christie Ltd.	131 1/2	■ Samuel Montagu	131 1/2
ner Holdings Ltd.	14 1/2	■ Morgan Grenfell	131 1/2
Bank of Mid. East	131 1/2	National Westminster	131 1/2
ra Shipley	14 1/2	Northern Comm. Trust	14 1/2
afica Permanent AFI	131 1/2	Norwich General Trust	14 1/2
ollot C. & C. Fin. Ltd.	14 1/2	P. & O. Bank	131 1/2
ers, Bawtse Co. Ltd.	14 1/2	Rossmore	131 1/2
er Holdings	131 1/2	Rossmore Accepts	131 1/2
erhouse Japhet	14 1/2	Royal Bk. Canada Trust	131 1/2
E. Coates	131 1/2	Schlesinger Limited	14 1/2
olidated Credits	131 1/2	E. S. Schwab	15 1/2
erative Bank	131 1/2	Security Trust Co. Ltd.	15 1/2
uthian Securities	131 1/2	Shenley Trust	16 1/2
St. Lyons's	15 1/2	Standard Chartered	14 1/2
L. Davies	14 1/2	Trade Development Bk.	131 1/2
an Lawrie	14 1/2	Twentieth Century Bk.	15 1/2
Trust	131 1/2	United Bank of Kuwait	131 1/2
ish Transcont.	14 1/2	Wattaway Laidlaw	131 1/2
London Seas	131 1/2	Williams & Glynn's	131 1/2
ony Gibbs	131 1/2	Yorkshire Bank	131 1/2
de Durrant Trust	14 1/2	■ Members of the Accepting House Committee.	
rhombond Guaranty	131 1/2	† 10% deposits 1915. 1-month deposits 10 1/2%.	
days Bank	131 1/2	† 3-6% deposits on sums of £20,000 and under 10 1/2%. up to £25,000 10 1/2% and over 10 1/2%.	
nesses Nesbitt	131 1/2	† Demand deposits 11 1/2%.	
ebros Bank	14 1/2	† Call deposits over £1,000 10 1/2%.	
Samuel	131 1/2		
oare & Co.	113 1/2		

## OFFSHORE AND OVERSEAS FUNDS

[illegible]

**NOTES**



W. BERRY TEMPLETON LTD

Property Consultants  
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47 Great Russell Street London WC1B 3PA 01-437 4577

FT SHARE INFORMATION SERVICE

ROTELS—Continued

Share	Price	Div	Yield
Mar. Sept. 1970	46	1.5	3.3
Mar. Sept. 1971	46	1.5	3.3
Mar. Sept. 1972	46	1.5	3.3
Mar. Sept. 1973	46	1.5	3.3
Mar. Sept. 1974	46	1.5	3.3
Mar. Sept. 1975	46	1.5	3.3
Mar. Sept. 1976	46	1.5	3.3
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Mar. Sept. 1979	46	1.5	3.3
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Mar. Sept. 2002	46	1.5	3.3
Mar. Sept. 2003	46	1.5	3.3
Mar. Sept. 2004	46	1.5	3.3
Mar. Sept. 2005	46	1.5	3.3
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Mar. Sept. 2018	46	1.5	3.3
Mar. Sept. 2019	46	1.5	3.3
Mar. Sept. 2020	46	1.5	3.3
Mar. Sept. 2021	46	1.5	3.3
Mar. Sept. 2022	46	1.5	3.3
Mar. Sept. 2023	46	1.5	3.3
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Mar. Sept. 2097	46	1.5	3.3
Mar. Sept. 2098	46	1.5	3.3
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BRITISH FUNDS

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## HOME NEWS

## Tanker 'scrap and build' plan to aid shipyards

BY JOHN WYLES, SHIPPING CORRESPONDENT

A SCHEME aimed at encouraging shipowners to scrap old tankers over 15 years old, then make replacement orders with hard-pressed shipyards, is to be presented to the member Governments of the Organisation for Economic Co-operation and Development.

The proposal has emerged from the International Maritime Industry Forum (IMIF) whose third meeting of the year was attended in London yesterday by 80 representatives of shipowners, shipbuilders, banks and oil companies.

Set up at the beginning of the year to promote action to deal with the critical tanker surplus, support for a scrap and build policy reflects a changing pre-occupation within the IMIF.

The organisation is now almost as concerned with steering governments away from measures to defend the shipbuilding industries which could harm prospects of a recovery in the shipping industry.

Sir James Dunnett, IMIF chairman and a former Permanent Under-Secretary at the Ministry of Defence, stressed

after yesterday's discussions that governments "must be forced to take into consideration the wider consequences of their actions."

The IMIF has tried to hammer home in a previous paper to the OECD the dangers of governments encouraging shipyards to build unwanted ships.

Its "scrap and build" proposals, produced by one of four working parties studying aspects

## More Home News Page 29

of the tanker crisis, would probably offer more relief to the world shipbuilding problem than to the tanker crisis.

PEARSE

This is because a "scrap-and-build" policy is unlikely to create much of the surplus, since by definition shipowners receiving a financial inducement to scrap their older ships "could be expected to order replacement tonnage."

One drawback is that governments might have to offer substantial cash inducements

because the tanker categories which are the most aged—those of up to 100,000 d.w. tons—are also those whose freight rates are expected to recover more quickly.

Most of these ships have no debt attached and are therefore more easily profitable for their owners.

Mr. Otto Norland, an executive director of Hambros Bank, presented a working party paper on the financial implications of the surplus which, he said afterwards, indicated that "we are not likely to see any major bank reactions with the inevitable chain reactions."

Divisions of opinion over how long the crisis is likely to last emerged clearly yesterday.

The fact that the total tonnage of tankers laid up has fallen from 55m. d.w.t. at the start of the year to around 37m. d.w.t. this month, has raised optimism among several independent owners.

However, BP representatives presented their view of the tanker market which was as gloomy yesterday, as last autumn, and did not foresee a recovery before 1982.

## 'Ease speed limit' plea

ONE OF the motor industry's leading figures yesterday called on the Government to lift speed limits introduced three years ago during the oil crisis.

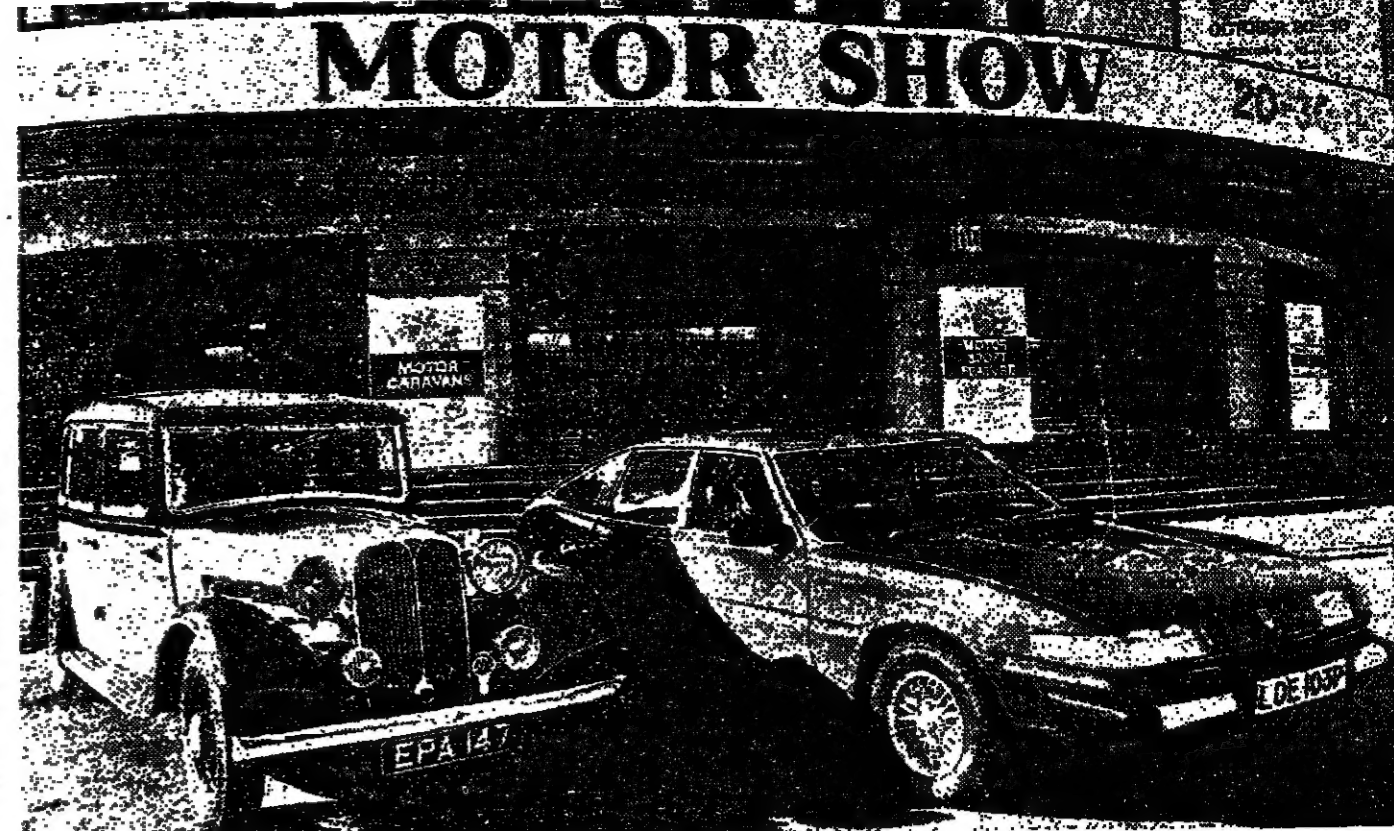
Mr. David Plastow, President of the Society of Motor Manufacturers and Traders and group managing director of Rolls-Royce Motors, said at an eve of motor show lunch at Cobham, Surrey: "It is time we started to nudge the Government to recognise that fuel-saving speed limits are totally anachronistic. I have yet to see any worthwhile evidence which supports their objective."

He added: "The price of fuel reduced drivers' speed far more effectively than the 50, 60 and 70 mph limits which we have to adhere to."

"Speed limits in Britain are much more restrictive than those in Europe. We will soon begin to be influenced by changes in the design and development of our cars. Brakes and handling will be affected if the restrictions are not lifted."

## Plea for grant increase

A DEPUTATION from the North of England Development Council will meet Mr. Alan Williams, the Minister responsible for regional development, in London today to ask for its annual Government grant of £108,000 to be increased to £400,000. This would put it on an equal footing with development agencies in Scotland and Wales.



Nearly 40 years separate these two motor show exhibits from Rover: on the right, the company's new 3500 saloon; left, the Rover 14 exhibited at the first Earl's Court motor show in 1937. Rover is one of the few manufacturers to have been represented since that show. This year's is the last to be held in London; the next will be at Birmingham in two years' time.

## It will be a sporty motor show

BY TERRY DODSWORTH

NEW and revised British sports cars will be one of the main attractions of the Earl's Court motor show, due to be opened in London tomorrow by Mr. James Callaghan, Prime Minister.

Forecast among these will be new models from Bristol, Aston Martin and Panther. Blackpool-based TVR is to exhibit substantially revamped TVR coupes, and AC Cars is showing the latest prototype of its mid-engined AC 3000 coupe.

The new Aston Martin Lagonda, which has been the subject of much speculation, has emerged

as a super-luxury car incorporating an advanced, electronically controlled instrument panel with graphic and digital displays.

U.S. space technology has helped produce a speedometer with mph-kph changeover operated by a touch of the switch and an electronic display showing average speed and fuel consumption on a journey combined with a fuel consumption reading.

The 17-foot wedge-shaped car, powered by Aston Martin's V8 engine, and with a top speed of more than 140 mph, will cost £20,000.

Reliant, the Tamworth-based manufacturer, has announced an increase in production of the Scimitar from 35 cars a week to 50 in an effort to boost exports. Coinciding with this are changes which give the car more refinement and comfort and price increases which will push the car over the £5,000 mark—to £5,194 for the GTE overdrive and £5,288 for the GTE automatic.

Panther will be showing a new Vauxhall-powered Lotus sports model and Bristol is introducing its 803 saloon to replace the 411 series which was launched at the 1969 motor show.

Another point of interest at the show, the last to be held in London before it moves to Birmingham in two years' time, is the new small 1.8 litre diesel engine from Volkswagen incorporated in the VW Golf.

The Continental specialist manufacturers are putting on a strong display with new models from BMW, Audi, Mercedes, Lancia and Maserati.

The show opens with the British car manufacturing industry still under a heavy cloud and an official prediction that imports will remain at their present high level next year.

## Britain should earn £2bn. from foreigners, says tourism chief

BY JOE RENNISON

BRITAIN should earn £2bn. from foreign tourists in the year beginning next March, according to Sir Alexander Glen, chairman of the British Tourist Authority. But, although the tourist boom of the 70s in Britain continues unabated, we must not be complacent about our favourable international rating.

Particularly encouraging for Britain was the fact that, after two years, Americans are beginning to return in increasing numbers.

This summer their numbers reached the equivalent of £1m. a year, equalling the record 1974 figure.

Sir Alexander was commenting on the authority's report for the 12 months up to last March which again showed record earnings and a record number of visitors. Encouraged by the declining pound and better weather, Britain entertained 9m. overseas

visitors last year, who spent almost £1.5bn. here. These figures are increases of 12 per cent. on the previous 12 months and totalled 13 per cent. of invisible exports and 4 per cent. of all exports.

Earnings from overseas tourists were the equivalent of an income of £4m. in foreign exchange.

## Special case

There is no room for complacency, the report says. International competition is growing fiercer and Britain must work harder to retain and increase its share of the world tourism market. This is despite the fact that the Government will not increase resources available to the authority to promote the industry. Indeed, because of the fall in the value of sterling, spending power for overseas ventures

has been cut by an equivalent of £800,000.

"Each Government agency must play its part, but it is especially important that new sources of resources and means of operation."

Sir Alexander said he felt that the authority should be a special case over public spending cuts because of money it attracted. He estimated that there will be about 10m. visitors to Britain in 1976 and they will spend £1.5bn. "If we include fares spent with British carriers, total earnings could be in the region of £2bn. In one word what has happened to British tourism is outstanding."

There have been more visitors from all over Europe, particularly from Norway, Sweden and Denmark. Largest percentage increase was from the Middle East with the number of visitors increasing more than a third.

## Howe supports demands on inflation accounting

BY MICHAEL LAFFERTY

SIR GEOFFREY HOWE, Shadow Chancellor of the Exchequer, yesterday added his voice to the growing demands for the accountancy bodies to publish practical proposals on inflation accounting. Cautioning the accountants against trying to find "the final perfect answer," Sir Geoffrey stressed the importance of being willing to settle, sooner rather than later, for a reasonably practical method of dealing with the worst of the problem.

It would be all too easy for the best to turn out to be the enemy of the good, he declared. Speaking on the relationship between the professions and the State at the English chartered accountants' annual conference in Harrogate, the Shadow Chancellor said that exclusive responsibility for the maintenance of standards was the hallmark of a true profession. He welcomed the establishment of the Cross committee to investigate the regulatory procedures of the U.K. accountancy

bodies, and pointed out that for almost all professions some action by the State had turned out to be a necessary feature of a self-governing regime.

"Legislation has been needed to give authority to some disciplinary tribunals or to establish the General Medical Council." "Certainly a profession's disciplinary procedures must be able to reach out so that there is no hiding place for the offender. They must be able to assert their jurisdiction effectively and have access to all the relevant evidence. They must be able to achieve a common standard throughout the profession."

The profession's proliferation of initials and organisations was "confusing and tiresome" to clients. "The continued multiplicity of your organisations could be regarded by politicians as your most vulnerable point. How, it may be asked, are uniform standards of practice and discipline to be enforced except on the basis of greater unity?"

## Williams &amp; Glyn's rate increased

By Michael Blanden

WILLIAMS and Glyn's, the smallest of the big five London clearing banks, yesterday announced an increase in its base lending rate from 13½ to 14 per cent. from today.

The rise brings the bank into line with Barclays Bank, and suggests there could be pressure on the other big banks to raise their lending rates.

Barclays raised its base rate by 2 per cent. immediately after the Government increased the Bank of England's minimum lending rate from 12 to 13 per cent. on October 7 as part of the package to bring money supply under control.

The other London clearing banks held their increases at only 1½ per cent. with a 13½ per cent. base rate. They apparently hoped that the rise might be short-lived. Money market rates rose yesterday, with a shortage of funds in the market partly reflecting the amount of money which has moved into gilt-edged stocks.

If the market stays at its present level there is a strong likelihood that the other big banks, Lloyds, Midland and National Westminster, will be forced to move into line with Barclays.

Williams and Glyn's also announced that its rate on seven-day branch deposits is being raised by ½ per cent. to 11 per cent., also the same as is being offered by Barclays.

## Benn to try for EEC oil price 'floor'

By Ray Dafter, Energy Correspondent

BRITAIN IS to try again to introduce a "safety net" floor price for crude oil within the EEC.

Mr. Anthony Wedgwood Benn, the Energy Secretary, will probably press Britain's case for a 50-barrel minimum price at today's meeting of Common Market Energy Ministers in Luxembourg.

The British Government is anxious to secure agreement so as to protect North Sea investments in case OPEC countries cut drastically their oil prices. All nine EEC member States agreed at a Rome summit almost a year ago that there should be a price guarantee mechanism, but since then France and Italy have opposed its implementation.

It is doubtful whether the Nine Ministers will agree on a cohesive floor pricing policy today. They are still a long way from reaching a unanimous approach on an EEC energy policy.

## Interest rate rise 'will stop economic recovery'

BY MICHAEL BLANDEN

THE rise in interest rates and strong emphasis on controlling money supply evident in official policy will bring economic recovery to a halt, Mr. Greenwell, stockbroker, says today.

The firm suggests in its latest monetary bulletin that recent moves to bring money supply under control could mark a watershed in British economic policy. There would be an improvement in the position of sterling but unemployment would rise again and, in the longer term, the economic recovery would be aborted.

The bulletin points out that the increase of more than 8½ per cent. in money supply in the first half of the current financial year leaves little room for further growth within the 22 per cent. target laid down by the Government. Next year, it sug-

gests, the International Monetary Fund almost certainly will require the money supply on the wider definition, M3, to be lower than this year.

Therefore, "the maximum permissible growth of M3 is less than 10 per cent. year." But, with inflation rising again towards the 18 per cent. level, this limit will require painful action in order to control monetary growth.

The bulletin adds that in this situation monetary factors would be working in favour of sterling. It repeats the Greenwell argument that movements in the external value of the pound reflect the domestic monetary situation, with an excess money supply tending to lead to flows abroad and a weakening of sterling.

## Sales efficiency study

BY STUART ALEXANDER

GREATER emphasis on the store manager as a business operator can lead to improvements in labour efficiency in grocery and furniture stores, says a Distributive Trades Economic Development Committee report published yesterday.

To do this the manager would need substantial training—not in procedure and policies, but in principles, techniques and practices. Labour efficiency could not be achieved solely through the determination of sales policies from head office nor could it be measured by

financial summaries. The report highlights the differences between the two types of store. In the grocery business the emphasis is on labour utilisation—the proportion of paid hours which are gainfully used. In furniture, the emphasis is on labour effectiveness—the extent to which the worked hours contribute to the organisation's objectives.

The measurement of labour efficiency in retail stores: VEDD Books, 11, St. John's Street, London SW1H 9LJ. £1 (£1.15 postage paid).

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